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THE TIMES

Fight to the finish that Iran could regret, page 14

Curbing money supply still the aim

The Government's Budget aim remains to reduce the rate of growth in the money supply to between 4 and 8 per cent by 1983-84. The new target will be an annual growth rate of 6 to 10 per cent over the 14 months to April, next year. Total spending programmes in 1980-81 are expected to cost £94,000m, compared with last year's Budget forecast of about £91,500m.

Little room for error, page 19

Drink and tobacco up

The duty on beer is raised by an average of 4p a pint, on spirits by 60p a bottle and on wine by 12p a bottle. Duty on cigarettes rises by an average of 14p for 20 and on pipe tobacco by 13p a 25-gram pack.

Run on stocks, page 4

20p more on petrol

Petrol and derv (diesel road fuel) duties have been increased by 20p a gallon, including value-added tax. That will bring in an estimated £910m more a year from petrol and £270m from derv. No change in the duty of heavy fuel oil has been made from its present £8 a ton.

Details, pages 4, 17

Road tax up by £10

Road tax on cars is to rise by £10 a year to £70, on motor cycles by between £1 and £4, and on heavy lorries by up to £161. New motor cycles will be liable to car tax on the purchase price.

PAYE rates unchanged

There is to be no increase in income tax allowances or in the rate bands. To implement the 1977 formula to raise allowances with inflation would have cost £2,500m a year. Child benefit allowance will rise by 50p a week in November.

Industry's pleas ignored

Despite industry's pleas no change in the national insurance surcharge has been made. To do so, the Chancellor explained, would have added £700m a year to the public sector borrowing requirement for each percentage point reduced.

Redundancy payments

From April 6, redundancy payments will be liable for tax only if they exceed £25,000 instead of the present £10,000. The relevant tax rules will be simplified.

Windfall tax on banks

An estimated £400m is to be raised by a once-for-all tax on bank deposits. The tax will be based on non-interest-bearing sterling deposits in excess of £10m averaged over the last three months of last year.

City anger, page 17

Overseas investments

Existing tax regulations which allow overseas investments to escape United Kingdom tax liability are to be changed as a result of the Vestey case, the Chancellor said.

Closing loophole, page 14

New North Sea oil tax

A new tax, the supplementary petroleum duty, is to be introduced for North Sea oil producers. It will be charged at a rate of 20 per cent on the total value of oil or gas produced after an allowance of a million tonnes a year for each field.

£1,000m to pay, page 18

Pensions to be increased

Pensions and other state benefits are to be increased next November by 9 per cent while inflation is forecast at 10 per cent. Old age pensions will rise by £3.30 a week to £47.35 for a married couple and by £2.45 to £29.60 a week for a single person.

Rises less than inflation, page 5

Granny bonds boost

A target of £3,000m has been set for National Savings in 1981-82. The age for eligibility for index-linked granny bonds is to be reduced from 60 to 50.

Details, page 4

Radical US Budget

The United States Congress is being asked to approve the most radical Budget placed before it. President Reagan is calling for the largest tax cuts and public spending cuts ever advocated by the White House.

Full details, page 17

Budget reaction, pages 4, 5; Parliamentary report, pages 6, 7; Leading article, page 15; Business reaction, page 17; Tables, page 18; Monetary targets, page 19; Industrialists view, page 19

Harsh Budget for workers but more for business

Unexpectedly harsh tax increases were announced by Sir Geoffrey Howe, the Chancellor, in his Budget yesterday. But, for business, minimum lending rate was reduced by two percentage points. The Opposition expressed most outrage at the announcement that income tax is not to be inflation-proofed next year. A 20p a gallon rise in the price of petrol from last night angered the motoring organizations.

Inflation stays in double figures

By Fred Emery
Political Editor

In a harsh Budget designed to take from individuals in work and give to struggling business, Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday announced unexpectedly severe increases in direct and indirect personal taxes. At the same time, minimum lending rate was cut by two percentage points to 12 per cent.

A 20p increase in the price of a gallon of petrol from 6 pm last night proved the most shocking change for Conservative backbenchers. But Labour, Liberal and Social Democrats expressed most outrage, with a storm of calls to resign, when the Chancellor announced that there would be no inflation-proofing of income tax in the coming year; inflation-proofing would have saved, at basic tax rates, the married man £99 a year, the single person £63 a year.

Higher rate taxpayers will be especially hit by the failure to raise thresholds and rate bands at which the higher rate becomes payable.

A 30 per cent increase in duty, double the rate of last year's inflation, affected drink prices from midnight last night and will affect tobacco prices from midnight on Friday. Road tax rose from £60 to £70 from midnight last night.

Overall, the new indirect tax increases are expected to add up to 2 per cent to the retail price index. That means the Government cannot predict a return to single-digit inflation this year; the November forecast is for 10 per cent. There can be no return to the 8 per cent figure the Government inherited from Labour in 1979 until the first half of 1982.

A one-off tax is also being imposed on bank profits.

With manufacturing output forecast to fall and unemployment to rise further this year, the Government has attempted to devise a package to help struggling businesses, particularly small businesses. Apart from the MLR cut, and help for electricity and gas bulk users, the impact is piecemeal.

It is this muddle of severity against consumers with no clear thrust of benefit to business that worries a number of senior Conservatives, including members of the Cabinet. Some are frankly appalled at the Government's lack of flexibility, and its refusal to seek expansion. They foresee the Government being forced to to back down by the autumn. They note that the Chancellor, who only last November spoke of the recession 'bottoming out', could now muster no more optimism than that "the recession" should now be coming to its end".

Other more right-wing Conservatives complain bitterly at the Cabinet's failure to curb public spending, and reckon that it is electoral folly to hammer the consumer, including his access to a wide range of fringe benefits, now also to be subject to tax increases.

The biggest disappointment to business, however, will be the Chancellor's refusal to reduce the national insurance surcharge, a central demand from the Confederation of British Industry.

Taken with the lending rate reduction, the package of help to business is roughly reckoned by the Chancellor to be worth £1,000m in a full year. There is a range of small reliefs on corporation tax, the stock relief system, and improvements in applications of capital gains and capital transfer taxes.

However, the centrepiece, described by Sir Geoffrey as unique, is the new incentive to risk taking. Government guaranteed loans of up to £50m a year, running from two to seven years, are to be launched. A "business start-up" experiment is being started with relief against income tax on up to £10,000 invested in any one year by outside and minority investors.

Sir Geoffrey's most difficult political message, heard largely in silence on his own backbenches, was to insist that to stay on its course the Government had to eliminate imbalances: one between consumers and industry, the other between the public and private sectors of the economy.

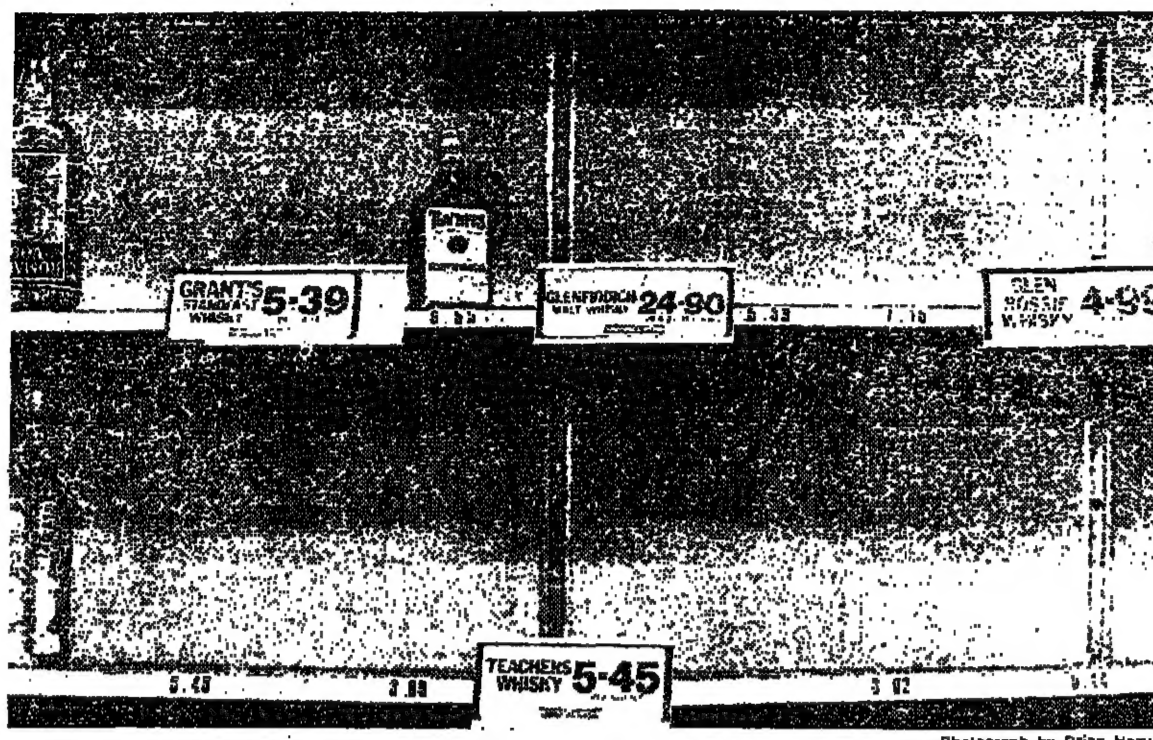
He said: "Between 1977 and 1980 the real after-tax income of individuals rose by about a sixth. But the real disposable income of industrial and commercial companies fell by a quarter. And output rose by only 2 per cent. This contrast between the fortunes of individuals and businesses marks a striking imbalance."

His central difficulty was that government spending, with the recent infusions needed for British Leyland, British Steel and the coal industry, was swelling rather than being reduced as planned. In order to get away from the "funny money" of constant prices he was changing the system to reflect current cash amounts.

The financial year now ending would see government spending approach £94,000m, instead of the £91,500m forecast in the last Budget. In the coming year it would rise to £104,000m.

Public sector borrowing in the year ending would emerge at £13,500m, or 6 per cent of the gross domestic product, compared with the last Budget forecast of £8,500m. The coming year he had started with a forecast of a public sector borrowing requirement (PSBR) "no less than £14,000m".

Continued on page 5, col 1



Photograph by Brian Harris

Shelves emptied by shoppers in a pre-Budget spending spree at a wine store in King's Road, London.

Union leaders attack 'monetarist poison'

By Our Labour Editor

The TUC Economic Committee meets today to determine the response of the labour movement to a Budget variously described by union leaders as "suicidal", "monetarist poison" and "no hope". An extra million on social security was predicted.

Civil service union leaders, whose selective strikes against Cabinet pay policy are strongly under way, were annoyed but not surprised the Chancellor was adamant that the system of cash limits and restrictions on wage bargaining must continue.

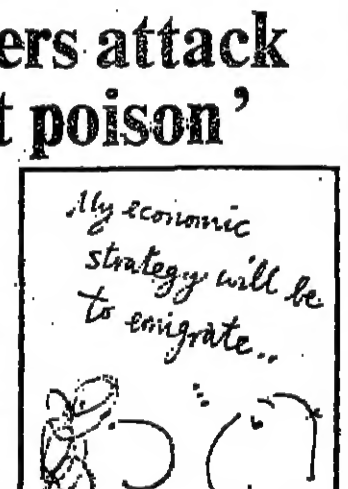
Mr Len Murray, general secretary of the TUC, said: "The Chancellor has given the nation a high-price, high-unemployment, no-hope Budget. He has not only ignored the TUC. He has ignored the Confederation of British Industry and above all he has ignored the grim reality of plummeting output and escalating unemployment.

"The few crumbs of comfort that the Chancellor has given to industry are totally inadequate."

Recalling the Government's promise to cut inflation, Mr Murray added that Sir Geoffrey Howe had imposed swingeing increases on petrol, drink, and tobacco.

"One million more unemployed by this time next year, at least. One million more low paid people paying income tax. Inflation up by 2 per cent—that is the price of this Budget."

Mr Kenneth Gill, general secretary of the Technical and Supervisory Staff section of the Amalgamated Union of Engineering Workers, said: "It is a suicidal Budget. Unemployment rose by 65 per cent last year, while manufacturing output plummeted by 15 per cent. Against all advice from the CBI and the TUC, the Chancellor has done nothing to reverse this disastrous trend".



Chancellor's measures stake all on restoring the economy

By David Blake

The Chancellor's measures stake all the Government's credibility on getting economic policy back on the course mapped out last year. Taxes have been raised by more than £4,000m in an effort to cut public borrowing and help the authorities to regain control of the money supply.

Interest rates have been cut to help industry with its borrowing bills, but there is little in the way of fiscal support for the industrial sector. The measures have been made necessary in the Government's view by gloomy prospects for the world economy and problems at home in holding down public spending.

Government economic forecasts now assume that total unemployment will rise steadily to more than three million during 1982 and will then stay at about that level until 1984.

National output is expected to be about 2 per cent lower this year than it was in 1980, with only a slight recovery in early 1982.

The balance of payments on current account is projected to be in surplus to the tune of £3,000m this year, but there is not expected to be any surplus at all in the first half of 1982 as rising imports and falling exports eat into our trading position.

The Chancellor's measures, aimed at cutting borrowing by £3,290m this year to reach a target of £10,500m, will reduce output by about 1 per cent this year and rather more next year on conventional economic arithmetic. They will push up unemployment by 180,000 on the same basis.

Consumer spending, government spending and exports are all expected to fall this year as demand is reduced at home by tax rises and overseas by the gradual effects of recent losses of competitiveness.

Money supply is expected to grow by 8 per cent during the next financial year, which is within the 6 to 10 per cent target range the Government has just set itself.

Inflation is expected to be 10 per cent in the fourth quarter of this year compared with the fourth quarter of 1980, and to fall to an annual rate of 8 per cent in the spring of 1982.

The Government now estimates that manufacturing output fell by 9 per cent in 1980, and that construction suffered a 6 per cent drop.

Public spending is expected to be 2 per cent higher during the current year than was projected a year ago, and hopes of a 1 per cent cut in next year have been dropped.

Living standards rose by 2 per cent in the year to the end of 1980, but they are now expected to fall as wages rise slower than prices and taxes rise.

The hidden increase in income tax caused by not indexing allowances and the rise in excise duty will mean that a higher proportion of government spending will be paid for from tax next year than this.

In drawing up its forecast, the Government has assumed that exchange rates stay at about their present level. It has taken precautionary measures to stop a further rise in the value of the pound by arming itself with means to restrict inflows of money from abroad.

Civil Service unions launch cargo blockade of Ireland

By David Felton
Labour Reporter

Civil Service unions yesterday implemented their threat to strike at sensitive government operations after the national one-day stoppage on Monday. Dockyards, defence establishments and customs offices were among the targets.

About 1,200 white collar workers were called out on strike and the unions launched a "cargo blockade" of Ireland. They aim to halt freight traffic across the border with Ulster and shipments between the republic and the British mainland.

Union leaders said a work-to-rule by customs staff at Dover would cause long delays for lorries leaving the country.

Today about 130 customs staff in nine ports in Wales and the North-west will join the strike in an attempt to make the Irish Sea blockade more effective. The strikes in Ireland and the ports and the Dover work-to-rule are to continue indefinitely.

Mr Alistair Graham, deputy general secretary of the Civil and Public Service Association and chief coordinator for action at ports and airports, said last night that the measures would be "extremely irritating for people trying to get cargo out of this country".

The nine unions, representing 530,000 white collar civil servants, will disclose plans for further action tomorrow. That is expected to be directed at airports and to be more effective than the present disruption.

Mr Graham said the unions planned a series of "constantly moving targets". He hoped the Government would be persuaded to reopen negotiations on the unions' 15 per cent pay claim.

He predicted that the action by 150 customs staff along the Ulster border would bring cargo movements to a near standstill.

Union leaders, after an inquest on the effectiveness of Monday's strike and reports from 42 coordinating centres around the country, remained convinced that about 450,000 staff did not report for work. The Government's estimate was about 290,000.

Disruption took place yesterday at 10 naval dockyards and at intelligence gathering establishments and about 260 staff at the Customs and Excise centre at Southend were on strike, disrupting VAT accounting procedures.

Signals target escapes, page 2

Many faked paintings believed sold as 'Lowrys'

By Stewart Tendler and Geraldine Norman

Many faked paintings sold as the work of L. S. Lowry, the popular English artist, are believed to be circulating in private hands in Britain after a sales operation netting an estimated £73,000. Samples of the pictures were described by Christie's yesterday as "good enough to fool anyone who was not a specialist".

Thirteen of the paintings have been recovered by officers from Scotland Yard's arts and antiques squad, originally alerted by Christie's. Detectives have the names of another 29 paintings thought to have been sold to untraced buyers.

The pictures came on sale after the death of Lowry in 1976. They were advertised for sale in a number of national newspapers as the property of a private collector and sold below the market value. The highest price known to have been paid for one of the paintings was more than £6,000 but it is possible others, untraced, went for as much as £14,000.

The pictures, all oil on canvas, appear to have been constructed by copying portions of genuine Lowry pictures and merging them into a fresh "Lowry". Their painter has not been traced.

The quality of painting varies from obvious fakes to pictures which required a second opinion.

Buyers were offered works ranging from high priced paintings to small, cheap "Lowrys". Any attempt to check the authenticity of the paintings was refused.

Christie's role, and photograph, page 3

Mr Bedser to be replaced as chairman of selectors

By Richard Streeton

Mr Alec Bedser's record 13 years as chairman of the England cricket selectors was unexpectedly ended yesterday by the Test and County Cricket Board at their meeting at Lord's. They decided to revert to English cricket's former practice whereby the span of the chairman's period in office lasted between Australian tours to this country, meaning usually a four-year term.

Mr Peter May, the former England captain and the current president of the MCC, has already been approached by the TCCB to succeed Mr Bedser after this summer and has said he would be willing to serve from 1982 onwards. Mr Bedser, aged 62, who was reelected as chairman at yesterday's meeting for the coming six-Test series against the Australians, has served continuously as a selector since 1962.

In the manner of English bloodless coups, everyone was extremely guarded in their remarks after the TCCB meeting. Mr Bedser's removal from the chairmanship, which he has held since 1969, can be interpreted as meaning that the board no longer feel it ideal for one man to remain in the office too long.

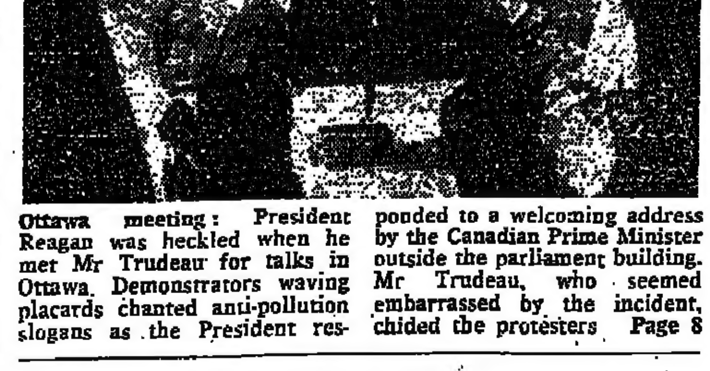
Peter Lush, the TCCB spokesman, said: "Alec has given superb service to the game, as a selector and chairman. He has indicated his willingness to continue to serve the game in the future, either as a selector or in any other capacity.

"In due course the right and proper tribute will be paid to Alec for what he has done for English cricket over the years."

Ambassador meets Mr Arafat

Mr Benjamin Strachan, the British Ambassador to Lebanon had a 20-minute meeting with Mr Yassir Arafat, leader of the Palestinian Liberation Organization, at a private house in Beirut. The meeting is seen in the context of Britain's forthcoming presidency of the EEC Council of Ministers and the EEC initiative for a Middle East settlement. Both Britain and the PLO seem anxious to maintain contacts

Page 8



Ottawa meeting: President Reagan was heckled when he met Mr Trudeau for talks in Ottawa. Demonstrators waving placards chanted anti-pollution slogans as the President responded to a welcoming address by the Canadian Prime Minister outside the parliament building. Mr Trudeau, who seemed embarrassed by the incident, chided the protesters Page 8

Senior Labour men 'ousted'

Lord Lever, a senior minister in the last Labour Government, claims that hundreds of experienced Labour councillors have been ousted in the big cities as part of the left-wing attempt to control the party. He makes the accusation in *London Review of Books* published today

Page 2

Main-line trains halted by floods

Heavy rain led to flooding in the West Country, South Wales and the Midlands. The main Paddington to Penzance railway line was cut for several hours at Cowley Bridge, Exeter, and several villages were isolated in Devon

Page 2

Polish Premier in crisis talks

Mr Lech Walesa, the Solidarity leader, met General Jaruzelski for crisis talks after a massive one-hour protest strike by 300,000 workers in Lodz. Local union leaders ignored an appeal by national leaders to refrain from stoppages

Page 8

BL man accused of thefts

A BL shop steward at Longbridge denied at Birmingham Crown Court that he abused his position by setting up a network of thefts of car parts by other workers, but police say he admitted stealing

Page 3

Designer chosen for royal dress

Lady Diana Spencer has asked David and Elizabeth Emanuel to design her wedding dress. They created the black taffeta, strapless gown she wore on Monday on her first public engagement

Page 2

Plot to steal car parts denied by shop steward at Longbridge

From Arthur Osman
Birmingham

A shop steward who had freedom of the East Works at BL's Longbridge factory in order to collect union dues organized a network of thefts of car parts, it was alleged at Birmingham Crown Court yesterday.

The court was told that another defendant told the police: "The works' police cannot search you, the union would not stand for it. It is dead easy."

It was said that Brian Edward Harris, aged 41, the shop steward, recruited other workers to steal for him and arranged the disposal of the parts. He declined to tell the police the destination of the stolen parts.

The police said that he admitted stealing from BL and said: "When I collect the dues from the lads I have the freedom of the East Works and I just put a few things in my pockets."

Mr Anthony Palmer QC, for the prosecution, said Mr Harris had refused to name anyone else and said: "The loyalties and allegiances of employees at Longbridge are very strong and if a fellow gets caught he does not take the rest of the plant with him."

Mr Palmer said that the police recovered car parts worth more than £37,000 and there were other stolen parts which had never been recovered.

Mr Harris, of Leasowe Road, Rubery; Joseph Keogh, aged 23, of Bolney Road, Quinton; Joseph Addison, aged 40, of Pennard Grove, Quinton; Daniel Sheehan, aged 34, of Bodenham Road, Northfield and Paul Morris, aged 21, of Six Acres, Woodgate Valley, all Birmingham, denied charges of conspiracy to steal or handle car parts.

Mr Palmer said that two others, Roy Skidmore, of Weoley Castle, Birmingham, and Victor Greensall of Boycott Estate, Droitwich, Hereford and Worcester, had admitted conspiracy and would give evidence for the prosecution.

He said that with the exception of Mr Morris they had all been employees of BL. The case came to light in November 1978 when a police constable heard hammering from a garage in Quinton. He found Mr Morris and Mr Keogh cutting up a car.

The police subsequently found boxes in three other garages which contained brand new car spares worth £26,768.

It was alleged that when Mr Keogh was questioned by the police he said the contents of the boxes belonged to Mr Harris who was known at the factory as "Ali". He continued "I know Ali has been paying blokes to steal for him. He has been at it for years."

Mr Morris later collapsed in the dock and was taken to Birmingham General Hospital, but the trial went on in his absence and continues today.

Gallery owners say labels on 'Lowrys' are not theirs

Christie's tell of finding fakes

By Geraldine Norman
Sale Room Correspondent

Christie's described yesterday how their suspicions were aroused by three Lowry paintings which came in for sale between Christmas and Easter last year.

Mr Francis Farmer, their expert on modern British paintings, was puzzled by the first one, but took it in for further study. Their expert opinion went against the painting but before it was returned to the owner a similar work came in bearing the label of the Hamet Gallery of Cork Street, London; then a third with the same label was taken in.

The Hamet Gallery in 1972 held a large exhibition of Lowry paintings bought from the artist's close friend and long-time patron, Mr Monty Bloom. The Hamet Gallery was closed in 1973, although the partners have continued to trade privately.

They inspected the pictures at Christie's. None had passed through their hands and the labels had been made with Letraset. As with genuine Hamet labels, there was a typed description of the painting and the typeface was similar to that used by Hamet.

Christie's discovered from the owners that all the paintings had been bought from the same source. One owner was so determined to get his money back that he arranged a meeting between Christie's experts and the dealer; the dealer took back the painting, gave him a cheque, and undertook to lodge the fake with his solicitor and not resell it.

The combination of fake Lowry and fake label convinced Christie's that it was a case of forgery and that there was an intention to deceive. They therefore contacted Scotland Yard's art and antiques squad and gave them all the information available.

Mr Farmer comments that he saw three or four more paintings by the same hand last summer and acted as a link between the owners and Scotland Yard. That raises the question of where the rest of the forgeries have gone. Mr Farmer describes them as "good enough to fool anyone who was not a specialist".

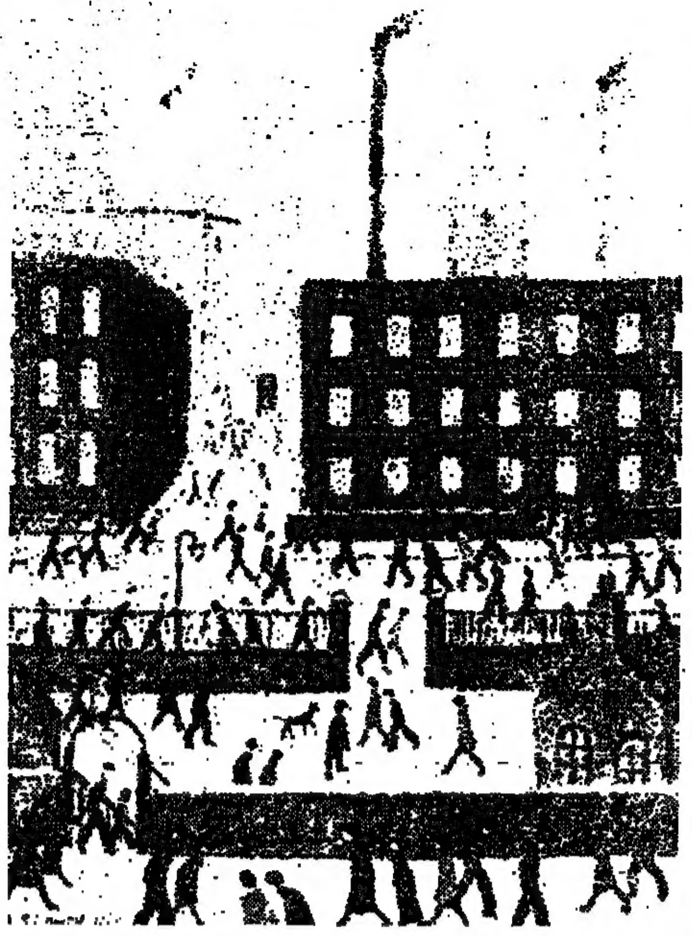
The most probable answer is that they are hanging unsuspected in places of honour in private houses. Most fakes come to light only after the death of a purchaser.

Mr Desmond Corcoran, of the Lefevre Gallery, in Bruton Street, London, which acted for Lowry in his lifetime, says that on average about a dozen fake Lowrys are shown to him every week in a check of their authenticity.

There seems to be a variety of different fakers at work.

It is easier to fake drawings than oil paintings although the potential value is lower. The present faker is concentrating on single figures and minor sketches. Those are difficult to identify positively.

An aesthetic opinion is not sufficient to set a police inquiry afoot. Indeed, both Sotheby's and Christie's constantly turn away works whose authenticity they doubt. They do not generally alert the police unless there is evidence of intent to deceive.



One of the "Lowrys" uncovered by experts.

Tin miner is saved in 24-hour rescue

From Our Correspondent
Bodmin

A young miner trapped for almost 24 hours by a fall in a Cornish tin mine 700ft below ground, was freed yesterday.

A rescue team had worked non-stop to reach him through 20ft of stone and mud. Mr Miron Sobas, aged 20, was unhurt and smiling when brought to the surface: "I feel fine", he said.

The rescue was effected in the Geevor mine, near Land's End, where the workings extend under the Atlantic. Mr Sobas and Mr Nigel Hancocks, aged 20, were working on the mine's no. 7 level when they were separated by the fall.

Although he could move about Mr Sobas was trapped in a 20ft cul de sac, 7ft high and 7ft wide. Mr Hancocks raised the alarm.

Both men live in Moorland Close, Pendeen, close to the mine. In a previous rock fall in Geevor 14 months ago and 1,300ft down, one man died and another was badly hurt.

Among those on the surface who helped in the operation to free Mr Sobas was his father, Branislava, aged 53, one of a number of former Polish soldiers who settled in Cornwall after being stationed near the mine during the Second World War. He also works at Geevor.

Mr Miron Sobas, after a hospital examination in Penzance, was allowed home. "At first, it was a terrible feeling, knowing that I was cut off", he said. "But I knew it was only a matter of time. The Geevor rescue team is first class.

"The worst of it was the cold. When the rescuers managed to push a pipe through to me they shouted down it that I should keep moving." He did press-ups to keep warm, he said.

Villagers and tin workers who gathered at the mine, watched him emerge. "Everyone cheered, but Miron seemed rather lost for words", said Mr Ken Gilbert, the managing director. "He just kissed and hugged his family and fiancé."

Economy ends role of Farnborough airfield

By Henry Stanhope
Defence Correspondent

The Royal Aircraft Establishment is to lose its airfield at Farnborough, Hampshire, where Britain's international air show has been held since 1948.

Discussions are to start with private industry and local authorities about its future after 1985, when its present role as an experimental airfield for the huge complex at Farnborough is to end under a Ministry of Defence scheme to save money.

The air show will continue to be held there in 1982 and 1984. Should discussions fail, however, the Society of British Aerospace Companies, which runs the show, would then have to find a new home for it.

A committee which examined Britain's research and development establishments, under the chairmanship of Lord Strathcona and Mount Royal, when he was Minister of State at the Ministry of Defence, decided last year that the aircraft establishment should lose one of the three airfields used for experimental flying.

A working party has concluded that Farnborough is the most expendable. The others, which will continue, are at Bedford, and at Boscombe Down, Wiltshire.

The announcement made yesterday is in line with a recent decision that the aircraft establishment, which employs 6,000 including about 4,000 at Farnborough, should concentrate more upon research, leaving the development work to the aerospace industry.

Farnborough airfield was first used for flying in 1908. The decision to close it will cause fierce controversy, unless industry or some other organization takes it on.

Defiant council agrees to make £11m cuts

Mr Ted Knight, the Labour council leader who led a campaign against Mrs Thatcher's spending cuts, has bowed to pressure and agreed to an £11m economy package.

Mr Knight, whose policies in the south London Borough of Lambeth brought him into conflict with Mr Michael Heseltine, the Secretary of State for the Environment, said yesterday: "We have made the cuts but we have done so reluctantly. The alternatives were too disastrous to face. We felt working people could not accept a high rate increase of almost 60 per cent".

The borough's household rate rise will be kept down to 37.5 per cent, instead of the 57.9 per cent it would have been before the economies were made.

Lambeth's budget for 1981/82 is being cut from £112m to £95m, Mr Knight said the cuts would mean poorer services.

Man accused of hiding wife's body for 15 years

Mr John Traynor, aged 39, of Kirkcaldy, hid his wife's body for more than 15 years, Perth High Court was told yesterday. He first kept it behind a wardrobe and, when he moved to a new home 100 yards away, he carried the body there, wrapped in canvas.

Mr Traynor, who is pleading not guilty to murder allegedly told police that he punched his pregnant wife, Jeanette, during a heated argument in 1965.

Mr Daniel McArthur, Mr Traynor's nephew, told the court that after he moved into his uncle's former house last year, he and his wife Pat decided to clean out the cellar.

"The last thing to come out was a 4ft parcel

As he was pulling the parcel the wrapping came loose and he saw what he thought were the legs of a dog. Then he discovered it was a human body.

The trial continues today.

Student fees ballot of Oxford dons

By Diana Geddes
Education Correspondent

Oxford dons voted yesterday to reject fee increases of 33 to 45 per cent for overseas students next year as had been recommended by the university's council. The issue will be put to a postal ballot of all the resident dons.

This year Oxford is charging overseas students the minimum fees recommended by the Government of £2,000 for arts, £3,000 for science and £5,000 for a clinical course.

The increases recommended by council would have taken the fees up to £2,900, £4,000 and £6,400 respectively, all £400 above the new minima recommended by the Government.

Cambridge University, whose council recommended similar increases for its overseas students next year, has also decided to hold a ballot of dons to decide the issue.

The National Union of Students is to lobby Parliament today in protest against government policy on overseas student fees. Students from more than 500 colleges are expected to participate.

New elections: Oxford University Students' Union is calling new elections at Christ Church, Worcester, St Hugh's, St Hilda's and Lady Margaret Hall after last week's discovery of forged ballot papers (Our Oxford Correspondent writes).

Production of mystery record stops

By Martin Huckerby
Music Reporter

EMI Records said yesterday that it had halted production of its record of Chopin's first piano concerto by Dinu Lipatti while it tried to solve the mystery of whether it really was a recording by the late Romanian virtuoso or was made by Halina Czerny-Stefanska, a Polish pianist.

Mr Peter Andry, director of EMI's international classical division, said they had not actually withdrawn the record, but had stopped production after learning that the recording was identical with a Czech record issued in the early 1950s, which listed the soloist as Miss Czerny-Stefanska.

Mr Andry disclosed yesterday that the affair is even more confusing than was originally thought. The EMI record was made from a tape produced by a Dr Kaspar, a Swiss who has since died; a second tape recently came to light. It is said to be from a broadcast of the concerto in 1948 by Lipatti with the Zurich Tonhalle Orchestra under Ernest Ackermann.

Mr Andry said that it now appeared that there were in fact three tapes. He understood Dr Kaspar had produced a tape supposedly of Lipatti, but had then announced that he had another tape.

It was that other tape which was authenticated as a Lipatti performance by Madeleine Lipatti, the pianist's widow.

QC defends role of police at Bristol riot trial

Defence counsel 'suggestions that the police started the riot in the St Paul's area of Bristol on April 2 last year were "nonsensical", Mr John Spokes, QC, for the prosecution said yesterday in his closing speech to the jury at the Bristol riot trial.

He maintained that such suggestions were designed to confuse the jury.

"You have heard no evidence of a single person hit by a police officer, or a single truncheon being used to strike a blow, or a single person being struck by a police vehicle," he said.

Before the court are nine defendants, including a woman. All plead not guilty to a charge alleging riotous assembly.

The trial was adjourned until today.

Cuts in social surveys proposed

By Nicholas Timmins

Proposals to cut the scale of three key social surveys, to cut the provision of politically sensitive figures like the size of the National Health Service waiting list and private patients use of NHS facilities, and to reduce information available to MPs, select committees, royal commissions and the Public Accounts Committee, have been put to the Government.

Annual social security and health statistics would not be published unless sales covered costs, and academics and researchers would be charged for information provided.

The recommendations come from studies on the work of the Office of Population Censuses and Surveys (OPCS) and of the Department of Health and Social Security by teams headed by Sir Derek Rayner, Mrs Thatcher's roving cost-cutter.

The OPCS would see a cut of 40 per cent in the budget and 50-strong survey staff of its social survey division. That would come from reducing the scope of three surveys: the annual General Household Survey, the Family Expenditure Survey and the International Passenger Survey.

A series of between 15 and 20 ad hoc surveys carried out for government departments might be dropped or handed to private market research organizations.

The savings would total between £1.5m and £2m.

The Institution of Professional Servants protests that the cuts would reduce crucial information on employment, health needs, poverty and the take-up of social benefits.

Jailed race riot-skinhead gives judge Nazi salute

A man gave a judge a Nazi salute and shouted "Sieg heil" after being jailed for three years at the Central Criminal Court yesterday for his part in a skinhead race riot

Andrew Markcoons, aged 18, of Woolwich, pleaded guilty to riotous assembly last March 28.

Seventy skinheads made a revenge attack on a group of coloured people queueing for a late-night cinema show in Woolwich, Miss Ann Curnow, for the prosecution, said. They attacked the Odeon cinema, causing £800 of damage, and wounded a coloured youth.

Mr Markcoons's younger brother, Paul, then aged 15, had been stabbed by coloured youths a week before, she said.

Shane Spalding, aged 19, of Canning Town, east London, was also jailed for three years.

Also sentenced yesterday were:

For riotous assembly: Mark Giles, aged 18; Gary Fuller, aged 19 (six months each in a detention centre); Anthony Skudder, aged 17 (140 hours community service); Ian Barnard, aged 20 (sent to borstal).

For fighting and making an affray: Vincent Werdon, aged 18; Kevin Wakeling, aged 18 (140 hours community service each); Kevin Heathfield, aged 20 (six months' imprisonment, suspended for two years, and fined £100).

For unlawful assembly: Martin White, aged 30 (six months' imprisonment, suspended for two years, and fined £200).

Interruptions as inquiry opens on wharf scheme

By John Young

Noisy interruptions marked the opening of a public inquiry yesterday into what has been described as the biggest property development scheme in London's history.

Demonstrators who brought placards into the hall repeatedly complained that they were unable to hear what was being said. Mr Philip Maynard, the inspector, refused to adjourn the proceedings.

The inquiry is into proposals to redevelop the 22-acre Hay's Wharf site, on the south side of the Thames adjoining London Bridge.

Mr Maynard refused an adjournment when Mr T. J. organ, on behalf of a number of objectors, complained that reducing the statutory period of notice from 42 to 28 days had given his clients insufficient time to prepare their case and that the House of Lords had to debate the proposal for an urban development corporation, within whose jurisdiction the Haye's Wharf site would lie.

Airline's clerical staff accept 8 pc

British Airways 16,000 clerical and administrative staff have accepted an 8 per cent pay increase from April 1, the airline said yesterday.

No settlement has been reached with 30,000 engineers, ramp workers and ground service staff

Chief constable dies at 50

Mr James Fryer, Chief Constable of Derbyshire, died in Derbyshire Royal Infirmary last night. He suffered a heart attack at home at the weekend.

Mr Fryer, who was 50, began his police service in 1954 and was deputy chief constable before being promoted in 1979.

Court ruling aids radio fight over royalties

The way was cleared yesterday for a High Court action by independent radio stations aimed at reducing their multimillion pound annual royalties bill for the right to play records over the air.

Mr Justice Falconer ruled that the Performing Rights Tribunal, which has refused to cut the level of royalties, should give fuller reasons for its decision. That will assist the radio stations in the appeal they are filing against the tribunal.

The independent radio contractors claim the royalties they pay are excessive and unreasonable. But when, in 1978, they disputed the sums involved, then about £2.8m, the tribunal refused to cut the royalties.

The radio contractors argue that nominal, rather than substantial, royalties should be paid by way of licence fees to Phonographic Performance Ltd.

Phonographic Performance is the body to which big record companies assign the public use and broadcast copyright in their records.

Labour onslaught: Mr Foot attacks 'no-hope' measures

By Hugh Noyes
Parliamentary Correspondent
Westminster

Mr Michael Foot, Leader of the Opposition described the Chancellor's proposals as a catastrophe of the first order for the British economy and the British people.

After the traditional congratulations to Sir Geoffrey Howe for the manner in which he had presented his Budget, Mr Foot rapidly worked himself up into a fine state of indignation, wisely avoiding any too detailed excursions into the monetary and financial byways.

The Labour leader would almost certainly consider any description of himself as an economist as being the grossest of distortions, and he carefully steered away from the pitfalls of sterling M3 and the intricacies of the public sector borrowing requirement.

The main burden of Mr Foot's criticism bore on the failure of the Chancellor to take significant action to ease the plight of the unemployed. After a qualified welcome for what had been done over the "Vestey tax loophole", the disabled, child benefit and MLR, Mr Foot rapidly got into his stride.

It was a no-hope Budget from a no-hope Chancellor, he declared to mighty cheers from the Labour benches. It was a Budget that would produce three million unemployed and that would bring no hope for the people. He added that there had been a piece of sharp practice in the Budget on a scale that no one could have expected.

Glaring at Sir Kieth Joseph, Secretary of State for Industry, on the Government front bench, Mr Foot declared that the inscription over the monetarist inferno in which the Government still believed should be "abandon hope all ye who enter here".

There was no hope for most people who were going to have to bear a much heavier burden because of the Budget. It would inflict the most serious injury on Britain in the short term and in the years to come.

It would cause serious injury to individuals, families and communities and long-term injury to Britain as a whole.

Mr Foot was more cautious over the proposals for helping industry, but he gave a warning that they amounted to very little compared to the massive and monstrous deflation of the economy which the Chancellor had announced.

But the most "scarifying" aspect of the whole exercise was that Sir Geoffrey was making clear he had no intention of changing course and that any deviation from the present path would be fatal.

The 20p a gallon tax on petrol, Mr Foot said, would inflict serious injury on the economy and make recovery more difficult.

Sir Geoffrey's refusal to alter course meant that there was going to be a serious increase in unemployment and more appalling production figures.

Liberal warning: Fir the Liberal Party, Mr Richard Wainwright, MP for Colne Valley, said: "This misery Budget not only destroys national morale but will also provoke higher wage claims. The style of the Budget betrays the utter remoteness of the Cabinet from the ordinary pressures of daily life and household budgeting."

All hands to the pumps: Motorists queuing for pre-increase petrol in Eltham, south London, yesterday. The effect of the Budget will be to increase by nearly £1.50 a week the outlay of the average motorist, who drives 10,000 miles a year in a car which returns 30 miles to the gallon (Peter Waymark, Motoring Correspondent writes).

The extra 20p duty on a gallon of petrol will increase the typical price of four-star from about £1.34 to £1.54, costing the average motorist an additional £66 a year. He will also have to pay £10 a year more to tax his car.

This sharp increase in petrol prices could accelerate the trend to smaller and more economical cars. During 1980, in a total new car market down by about 12 per cent, sales of large cars fell by 30 per cent.

Part of the 20p a gallon increase may, over the next few months, be partly offset by price cutting at the forecourts. The demand for petrol, because of the recession, is falling and the oil industry forecasts that consumption this year will be 2 per cent down on 1980. With petrol in abundant supply, there is a likelihood that filling stations, supported in some cases by oil company subsidies, will be forced to reduce prices to stay in business.

The vehicle excise duty, or the annual cost of taxing a car, has been raised by £10 for the second year in succession. It was increased to £40 a year in 1975, £50 a year in 1977 and £60 a year in the 1980 Budget.

The motoring organizations reacted with predictable anger to the changes. The Automobile Association called them "a kick in the tank for motorists".

The Institute of Motorcycling, which represents the trade, said it deplored the decision to apply the 10 per cent car tax to motor cycles, scooters and mopeds:

Examples of price increases, which will apply from April 1, are: typical moped from £290 to £319; typical 250cc motor cycle from £850 to £934; biggest machines from £3,000 to £3,300.

Rural protest: The National Consumer Council urged the Government to [...] particular attention to the plight of people in rural areas arising from dearer petrol (our Consumer Affairs Correspondent writes). "People in rural areas with no choice of public transport and a take-home pay of £60 a week are paying up to one eighth of their income on petrol. We are worried that that proportion is now too steeply increased."

Savings: Boost for granny bonds

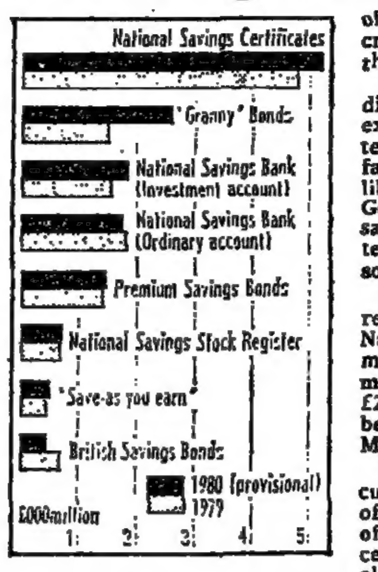
By Margaret Stone

National Savings has become increasingly important to the Government's funding programme, so it comes as no surprise that the Chancellor has widened the availability of one of its central products, index-linked National Savings Certificates.

These were originally designed for those of retirement age, but last November the Government introduced a second issue with a unisex age qualification of 60. The reduction in the qualifying age to 50 for both men and women is likely to increase substantially the pulling power of these index-linked investments.

The introduction of a 4 per cent bonus at the end of five years, as the first issue has had from the outset, is not likely to make much difference.

The second issue of granny bonds (as the index-linked certificates are still affectionately described despite the lowering of the age limit) is already attracting money at the rate of some £40m a week. With a wider pool of investors—who are less concerned with income requirements—to trawl, sales of index-linked certificates should improve.



This is essential because the cut in the minimum lending rate is almost certain to reduce the present exceptional attractiveness of other National Savings products.

The Government has virtually reached the planned net increase of £2,000m in National Savings this financial year. But it needs granny bonds to work overtime if it is to succeed in reaching its target of a further £3,000m net increase in National Savings in the next fiscal year.

Building society leaders, predictably, were upset by the extension to the granny bond terms. But their pleas of unfairness and injustice are likely to fall on deaf ears. The Government is in no mood to sacrifice the Treasury's interests in favour of building society receipts.

The Chancellor said the interest rate on the popular National Savings Bank Investment Account (where the maximum investment was lifted to £200,000 last November) will be cut from 15 per cent from May 1.

But he did not hint that the current conventional 19th issue of National Savings Certificates, offering a competitive 14.7 per cent gross, was to be withdrawn, although that must only be a matter of time.

Sales of those certificates are running at the rate of £45m a week and the building societies consider that as great if not a greater threat than granny bonds.

In the autumn the Government will be able to augment its National Savings still further by introduction of a small saver's bond linked to North Sea oil.

Education: Cuts for universities

By Diana Geddes

A planned cut of more than 8 per cent in spending on higher education over the next three years is likely to lead to a reduction in the number of students admitted to universities and colleges with increased competition for places, the Government says in its public expenditure white paper published yesterday.

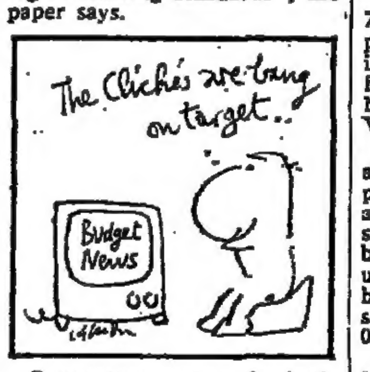
Provision for home students in higher education in both the public and private sectors is due to fall from £1,080m in 1981-82, to £1,030m in 1982-83, and £990m in 1983-84. The cuts in respect of overseas students are not included in those totals.

The white paper says: "This is likely to oblige institutions to review the range and nature of their contribution to higher education. It was also likely to lead to a cut in student intake, although the Government expected institutions to admit "as many students as they can consistent with their academic judgment".

The way in which the total higher education money would be divided between the universities and the public sector was still under discussion with the University Grants Committee and the local authority associations.

Provision for non-advanced further education is planned to increase very slightly over the next three years from £489m in 1981-82 to £493m in 1983-84.

In all sectors of higher and further education, the plans assumed a "significant tightening of staffing standards", the paper says.



Government support for basic research has escaped any cuts. In view of its strength and its importance for further scientific development, the Government has decided to allow provision for the so-called "science budget", which funds the five main research councils, to be held broadly at the present level.

The present expenditure on schools, which is the responsibility of local authorities, is assumed to fall by 6½ per cent between 1978-79 and 1983-84, while pupil numbers are expected to fall by 13 per cent.

The Government insists that it remains "committed to the objective of maintaining and improving the quality of education", with the implication that that is now a long-term aim, but admits that it has been necessary in the present situation to cut education spending and that that "will have some impact

It expects teacher numbers in England to fall from the present-year's 424,000 to 386,000 in 1983/84, in line with the fall in pupil numbers, thereby keeping the overall teacher-pupil ratio constant

Drink: Little left at old prices by weekend

By Derek Harris and David Hewson

Supplies of liquor and tobacco at pre-Budget prices are likely to be almost cleared from the shops during next week and possibly by this weekend. That is partly because of a pre-Budget rush and partly because of stocking limitations forced on many drinks retailers by the high cost of financing supplies.

There has been little or no destocking in the tobacco retail trade, but the high taxation increases, pushing the average packet of king-size cigarettes to more than 90p, are expected to lead to a heavy run on supplies.

Retailers expect at least to double normal weekly turnover this week in the wake of the Chancellor's increases which have put 60p on a bottle of whisky, 14p on a packet of 20 cigarettes, and 4p on a pint of beer.

There were warnings from the trade that the unexpectedly high increase on beer, which is likely to push the average price of a pint from 46p to 50p, may be followed by more trade price increases this year.

The Brewers Society, which described the Budget increase as calamitous, said that the increase in fuel taxes would inevitably add to the price of a pint, given the inflation of other costs.

Public houses may also soon be adding their own increases, particularly in view of the effect of big increases in local authority rates.

The measures will lead to a 7p or 8p rise in the price of a pint of beer and a deterioration in the serious financial position facing the licensed trade, the National Union of Licensed Victuallers said.

The duty increases will put about 60p a bottle on all spirits prices, table wine goes up 12p a bottle, and the heavier wines such as sherry by about 25p a bottle. British-made wines are up by between 8p and 23p a bottle depending on alcoholic strength, and cider by between 0.5p and 1p a pint.

Larger off-licence chains taking credit cards expected an upsurge of credit card trade.

Victoria Wine, part of Allied Breweries, whose 900 outlets make it the largest off-licence chain, had taken £4m over the counter since Friday, as much as in a normal week, the company said. Premium brands of whisky, gin, and fine wines were already running short and the chain saw no prospect of continuing pre-Budget prices, even on residual lines, for three weeks as happened last year.

Several big multiple retailers reported an increase in drinks and tobacco sales over the corresponding Budget period last year. Mr James Duggan, wine and spirits buyer at Te[...] Stores, said: "With the cost of financing stocks so high, major chains do not have the capacity any more, with overall tight margins, to invest in heavy pre-Budget stocks the way it was once possi[ble].

"Stocks are lower in co[nse]quence and at the present le[vel] of demand supplies at [pre-]Budget prices will be cleared this weekend."

The tobacco taxation [in]creases will also add about [...] a packet on 10 whiff-size cig[ars] such as Benson and Hed[ges] Hamlet, about 20p a 25g pack of hand-rolling tobacco and about 13p on a sim[ilar] pack of pipe tobacco.

The price war, especially [in] cigarettes, is expected to int[en]sify, with discounting in so[me] shops likely to bring a pac[ket] of king-size cigarettes below [the] 90p mark.

In his speech, the Chancel[lor] said that his measures wo[uld] mean a slightly smaller p[rice] rise for pipe tobacco, "wh[ich] is used particularly by pens[ion]ers".

The cigarettes price [rise] failed to satisfy anti-smok[ing] campaigners.

Mr David Simpson, dire[ctor] of Action on Smoking Hea[lth] described the rise as disgr[ace]ful.

"A Chancellor who gave [up] smoking for health reas[ons] should have done far more [to] help reduce consumption w[hile] still raising more revenue", [he] said.

More on lighters: [The] Chancellor's search for e[xtra] revenue from dubious pleasu[res] did not stop at an extra 14p [on] a packet of cigarettes (Ca[the]rine Gunn writes). The cost [of] lighting up rose at midni[ght] last night for the first time [in] 32 years.

Tucked away in the Bu[dget] is the first increase in duty [on] matches and mechan[ical] lighters since 1949. The [new] duties mean an extra p o[n a] box of matches, including va[lue] added tax, and 35p on the [price] of a lighter, and will bring [the] Treasury an extra £15m a y[ear] in revenue.

Allowances: Refusal to uprate criticized

By George Clark and Michael Hatfield

Mrs Audrey Wise, former Labour MP for Coventry, South West, who lost her seat at the general election and was one of the joint authors of the so-called Rooker-Wise amendment to the Finance Act, 1978, said last night that she thought the Chancellor's refusal to uprate personal allowances in line with inflation was "despicable".

She pointed out that under the amendment, which was carried with the help of Mr Nigel Lawson, Conservative MP for Blaby, now Financial Secretary to the Treasury, the Commons would have to vote for a specific Order to validate the Chancellor's proposal.

"All the Tories, indeed any MP, who votes for the setting aside of the Rooker-Wise amendment must realize that they will be voting for higher taxation, which will have its biggest impact on these on the lower levels of income", she said.

"I wonder what those who voted for my Conservative opponent at Coventry, South West, are thinking tonight, because not only is it not giving anything away, it is actually increasing the amount of tax".

Mrs Wise, who is now working on market research surveys, said that she was hoping to return to Parliament. What she and her colleague Mr Jeff Rooker, Labour MP for Birmingham, Perry Barr, sought to ensure was an equitable tax base. In fact, if the Labour amendment had been carried in its original form in 1978, the Chancellor would have been bound to raise the personal allowances in line with inflation.

It was the amendment to their amendment, moved by Mr Lawson, and eventually carried, which provided a loophole for a future Chancellor to negate their plan, she said.

Mr Jeffrey Rooker, a Labour frontbench spokesman on social services, commented last night: "To bring as he [the Chancellor] has done about one million extra low-paid workers and pensioners into the income tax system—as he has done by failing to raise the threshold by any amount—is nothing short of a thundering disgrace".

Tory disquiet: Tory disquiet at the Budget was voiced by backbenchers last night when Sir Geoffrey Howe spoke to a packed meeting of the party's backbench finance committee. (Our Political Reporter writes).

Reactions about the reception given to Sir Geoffrey varied from subdued to dismay, though there was no hostility. But the underlying concern, voiced by many, was that insufficient had been done to help the large industries by stimulating demand.

Agriculture: Tax relief for tenants

By Hugh Clayton
Agriculture Correspondent

The extension of capital transfer tax relief in agriculture will help to meet one of the most persistent and bitter complaints from farmers about taxation policy.

By extending relief from land farmed by its owners to land let to tenants, Sir Geoffrey has removed what rural landowners identify as an obstacle to an increase in the supply of farms for renting by young people.

The move should also open the way to resolution of a long dispute between the National Farmers' Union and the Country Landowners' Association about the right of the children of tenant farmers to inherit holdings.

Relief is given to farmers who own their land through a cut by half in the value of the holding when the property is assessed for transfer tax. A cut of a fifth in value will now apply to the owners of rented farmland.

Mr Peter Walker, Minister of Agriculture, Fisheries and Food, said: "I am sure that the lessening of this fiscal obstacle will do much to increase confidence in the let land sector."

A steady reduction in public expenditure on farming, food and forestry is planned. In 1981-82 spending will be £1,005m at 1980 survey prices, or less than half of the cost at the height of the Labour government's food subsidy programme

Food subsidies have now ended, and spending in many sectors is being reduced. Ministers expect to realize more than £10m this year from selling land owned by the Forestry Commission, while the cost of administering and financing capital grants to farmers is to fall.

Civil Service: Unions act to block vital changes

By Paul Routledge
Labour Editor

Civil Service unions claimed last night that they had successfully delayed implementation of some important Budget changes by selective strikes in three important areas of the Inland Revenue and customs and excise.

New customs tariffs to be charged at all British ports were not fed into the customs computers at Southend after a strike by a few operators. All cargo clearance will have to be done manually until they resume normal working.

The Council of Civil Service Unions (COCSU), said the action means that customs work "is going to be a mess". But the Customs and Excise Department maintained that the Budget changes would be implemented on time by steps that the Government would not disclose.

Elsewhere, the implementation of the Budget was held up by walkouts of customs and excise officers before or during the opening of sealed envelopes containing Treasury instructions.

The council said that staff responsible for putting into effect Budget changes had gone on strike at Aberdeen, Bristol, Northampton, Reading, Portsmouth, Edinburgh and London.

About 40 reprographic staff at Somerset House who print the new forms required by tax changes went on strike. The unions said the action would delay production of the necessary papers for implementing the Budget.

The council added: "Our action shows that the Government cannot now rely on the Civil Service to implement even something as central to the operation of its policies as the Budget.

"We are in no doubt . . . that the action taken by our members will have seriously disrupted the effective application of the Budget changes in charges to industry."

It added that although the oil companies might have charged the new rates from 6 pm last night, there was no guarantee that they would be paying over the extra revenue.

Housing: gloom remains

By John Young
Planning Reporter

The white paper's provisions for public housing spending will do nothing to relieve the gloom among local authorities and housing associations, and within the building industry.

The total is set to fall by more than a quarter to £3,143m in 1981-82, compared with £4,256m in the current year. The sharpest fall is in current expenditure, from £2,333m to £1,650m, reflecting a drastic cut in government subsidies.

Capital expenditure provision is down from £2,445m to £2,147m, and of that £654m is expected to be met from the sale of council houses and land and from loan interest and repayments.

The paper draws attention to the moratorium imposed on local authorities last October because of threatened overspending.

Although no breakdown is given of the estimates for the two following years, the totals show further drastic reductions to £2,720m in 1982-83 and £2,230m in 1983-84.

Health: Private insurance given a boost

By Nicholas Timmins

Private health insurance will receive a further boost from the provision that those people whose employers pay their subscriptions to private health insurance schemes will no longer be taxed on the contribution if they earn less than £8,500 a year.

The higher paid and directors will still be liable to the tax, which was introduced by Labour in 1976. The change is expected to cost about £4m

The provision is likely to mean further growth for the provident associations which in the past two years have seen their biggest increase in subscribers.

The move is designed to encourage blue-collar subscriptions to private health insurance schemes, and as such it will be opposed by the unions which have seen small, but increasing numbers of shop floor and blue-collar workers taking out private health insurance in the past two years.

Yesterday's public expenditure White Paper confirmed last year's financial plans for the National Health Service with an increase in real terms of 1.4 per cent for 1981-82. Spending in cash terms on health and personal social services will be about £12.5 billion.

Secret service: Funding raised by 14 pc

By Peter Hennessy

Funding for the Secret Intelligence Service, M16, has been raised by £7.5m to £61m for 1981-82, an increase of 14 per cent almost exactly in line with the rate of inflation, according to the cash limit for the secret service published yesterday.

The statistic appears in the Public Expenditure White Paper and is the only routine information regularly disclosed by the Government about its clandestine agencies.

The figure compares with a substantial boost to secret service spending by the Thatcher Administration, which gives priority to the work of M16, on taking office. The cash limit was raised from £34.5m in 1979-80, to £53.5m in 1980-81.

Prisons: £22m increase allocated

By Peter Evans and Marcel Berlins

More money is to be spent on the treatment of offenders. The projected total is to rise from £408m in 1980-81 to £430m in 1983-84.

Most will go into the running of prisons and to allow for completion of building schemes to provide 2,600 new or restyled places and to continue building. Some of the amount allocated to prisons will allow progress to implement recommendations made in 1979 by the inquiry chaired by Mr Justice May.

There is also provision for an increase in probation officers not working in prisons or under training from 4,900 in 1980-81 to about 5,100 by March 1984. Places in adult probation and bail hostels will rise from 1,463 to 1,654 over the same period.

The projected increase in expenditure on the police is from £1,623m in 1980-81 to £1,690m in 1983-84. The forecast number of police officers in England and Wales at March 31 is 116,900. The forecast for 1983-84 is 119,000 officers.

If the forecast for any year is exceeded, further provision will be made for additional manpower and equipment, training and support services.

There is provision for the number of civilian staff giving operational support to the police to increase from about 43,000 on March 31, 1980, to 45,600 by March 31, 1984.

Expenditure on civil defence is projected to rise from £20m in 1980-81 to £40m in 1982-83 and 1983-84 within limits announced by the Home Secretary on August 7, 1980.

Capital expenditure on the higher courts is to be increased slightly, to £27m, as part of a continuing programme to build courts, especially crown courts, to handle the increase in criminal cases and to reduce the backlog.

Under the programme 44 courtrooms were brought into use in the two financial years 1979-81, and another 50 are scheduled to start operating by 1983-84. There are plans to begin work on another 40 courtrooms.

Expenditure on higher courts is to be increased by £3m to £73m in 1981-82, and on the magistrates' courts by £9m to £113m. Those increases are attributable to the continuing rise in the number of defendants appearing before the courts.

Expenditure on all civil and criminal legal aid is forecast at £150m for 1981-82, a substantial increase of £16m over the 1980-81 figure.

The projected increase reflects the growing number of people involved in both civil and criminal cases who have become eligible for legal aid.

Fringe benefits: Perks will attract more tax

By Sylvia Morris

Employees who enjoy such company perks as cars, tax-free petrol, season tickets and credit cards will find themselves paying more tax because of the Chancellor's pledge to tighten up on fringe benefits.

The Chancellor proposes to increase the tax scales applying to company cars, already due to rise by 20 per cent in the next tax year, by a further 20 per cent from April, 1982.

This 20 per cent rise applies to cars with substantial company use. Employees who use them very little for business purposes will have to pay tax on a higher scale. From April this year the amount of business mileage necessary to avoid this higher scale more than doubles, from 1,000 miles to 2,500 miles a year.

New areas of perks that come under attack include petrol and tax-free season tickets. Higher-paid employees who are entitled to company petrol for private use, a practice which has been growing, will pay tax

How and when this tax will be introduced has yet to be decided. The Inland Revenue has been given the task of consulting employers' organizations

The days are also numbered for the privileged one in ten commuters who enjoy tax-free travel to and from work. Under current law no tax is payable when the employer contracts with a transport authority for a season ticket for his employee, but that will change.

Employees who enjoy credit cards arrangements with their company will also find this benefit taxed. The Chancellor intends to tax benefits where goods and services are paid for by credit card, which is then charged to the employer.

Defence: Government is to spend £12,138m

By Henry Stanhope
Defence Correspondent

The Government intends to spend £12,138,290,000 on defence during the next financial year, according to the Supply Estimates which were published last night alongside the Public Expenditure White Paper.

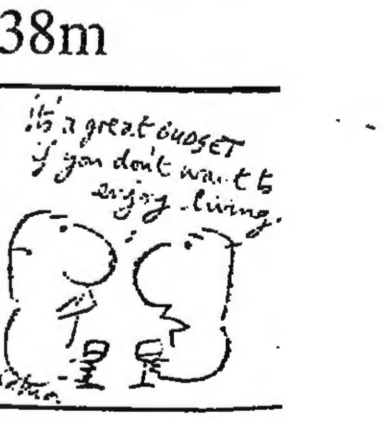
About nine tenths of this (excluding pensions) will constitute the cash limits which the Ministry of Defence has found so difficult to keep to during recent years.

Nearly £5,000m of this is for pay, stores and other supplies, and includes, perhaps significantly, a 6 per cent rise in Armed Forces salaries.

Whitehall sources last night were quick to point out, however, that that does not preempt the findings of the Armed Forces Pay Review Body, which is due to announce its recommendations on servicemen's pay within the next few weeks.

The Government, while anxious to keep rises for the public sector to within 6 per cent, could still decide to give the Forces more than that, and raise the extra cash through a supplementary estimate in the spring.

The largest single sum included in the 1981-82 estimates remains that for new equipment, shown at more than £5,590m. Somewhere within that total is thought to be about £60m for continuing work on



the new Trident missile package.

For comparisons with oth[er] years, however, one has to tu[rn] to the Public Expenditu[re] White Paper, where the 19[81]-82 estimate is shown, in 19[..] prices, as only £9,750m. This [is] only slightly more than t[he] £9,746m for 1980-81 because [of] the £200m cut imposed by t[he] Cabinet last year.

The figures are also som[e]what speculative because [of] the ministry's difficulty abo[ut] overspending.

The paper estimates th[e] 1980-81 overspending total [at] £130m—which is only ha[lf] what the figure is now though[t] likely to be. As the Treasur[y] is still insisting, in theory an[y]way, that any overspending [of] cash limits should mean a[n] equivalent cut in the ne[xt] year's budget.

Social security: Rises in benefit to be 1% less than inflation

By Frances Gibb

State retirement pensions, sickness benefit and unemployment benefit will rise by 9 per cent in November, 1 per cent less than the expected rise in prices.

The retirement pension for a married couple will rise by £3.90 a week to £47.35 and for a single person by £2.45 to £29.60 a week. Unemployment and sickness benefit for a married couple goes up to £36.40 and unemployment and sickness benefit for a single person goes up to £22.50.

The increases had been expected to be less than estimated price rises. Last year the Government overestimated the rise in prices by 1 per cent and the cut this year is to compensate for that overpayment.

Child benefits, however, are to be fully protected in value. They will go up in November by 50p a week to £5.25. The single-parent family benefit is similarly protected, rising by 30p to £3.30 a week.

One unexpected increase yesterday was a doubling in the special income tax allowance for the blind, which has stood at its present level since 1975. That rises to £360. For a married couple, both blind, it rises to £720.

The Royal National Institute for the Blind welcomed the increase yesterday. Mr Edward Venn, director, said: "We are of course pleased as every little helps. But we would have liked to have seen an allowance for all blind people, including all those who do not pay income tax."

The Chancellor said there would also be an increase in the mobility allowance. That will be announced today by Mr Patrick Jenkin, Secretary of State for Social Services.

The package of measures, which adds £2,000m a year to the social security programme, was less severe than many had expected. But relief was tempered by the Chancellor's announcement that personal tax allowances would stay at present levels.

Mr David Hobman, director of Age Concern, said the package removed retired people even further from decent living standards.

"Holding tax allowances at present levels would badly affect many elderly people; in particular single or divorced women or widows aged between 60 and 65 who did not receive the age allowance. They will now have to pay tax on their basic pension."

The holding back of 1 per cent on pensions added insult to injury, he said. It meant a loss of about £13 a year for single retired people and £23.40 a year for a married couple.

Help the Aged said the Budget put the elderly under siege. It was spiteful and lacked compassion. Mr Hugh Faulkner, director, said: "The 1 per cent clawback on pensions is particularly to be deplored".

When gas prices alone were to rise by 25 per cent this year, the small amount of extra money the 1 per cent would have provided would have helped substantially to pay fuel bills, he said.

The Child Poverty Action Group welcomed the protection of the value of child benefits at last November's level, but pointed out that the increase did not restore the full value of the benefit as it stood in April 1979. That would have needed a rise of 95p a week.

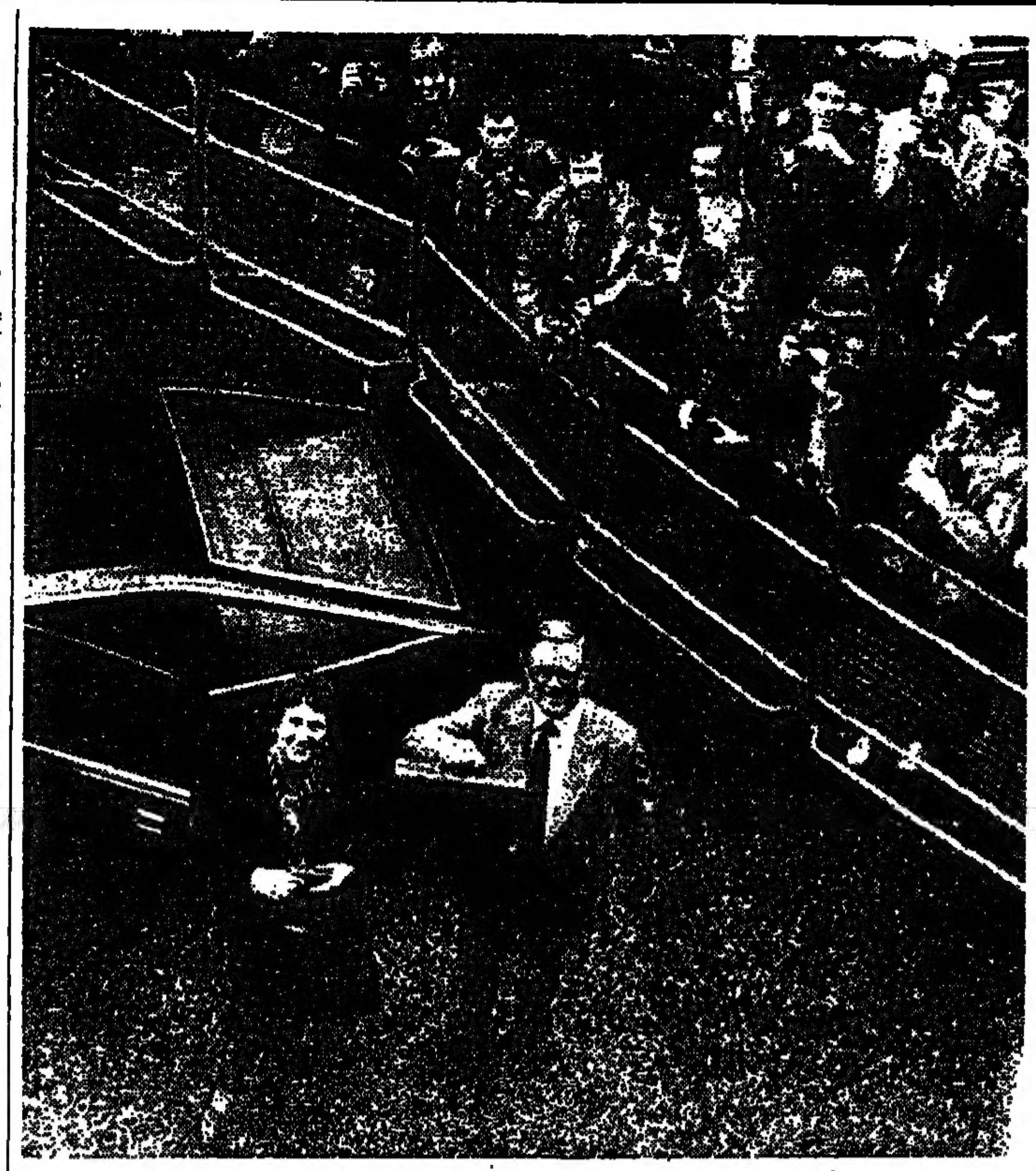
The National Council for One Parent Families said the package of measures was horrific. At least a third of single-parent families would not benefit from the increased allowance because they were on supplementary benefit and therefore means tested.

Miss Jane Streather, director, said: "One-parent families with one child will be 80p a week better off in benefits. But they will be £1.87 a week worse off at the same time, because of the heavier tax burden. And these benefits do not come into effect until November, while people face increased National Insurance contributions in April".

In announcing the measures the Chancellor emphasized that the social security programme was the biggest item in public expenditure, accounting for more than a quarter.

Low pay protest: Mr Christopher Pond, director of the Low Pay Unit, the independent research group, said yesterday: "We are appalled at the way in its own political mistakes" (Our Consumer Affairs Correspondent writes).

Mr Robin Simpson, research officer of the National Consumer Council, said the unemployed would be cut farther adrift from the rest of society.



Sir Geoffrey Howe with Lady Howe leaving Downing Street yesterday to present his Budget.

Civil list: Labour MPs protest at 'preferential treatment'

By George Clark
Political Correspondent

Labour backbenchers were protesting last night against what they saw as preferential treatment for the Royal Family in amounts payable under the Civil List compared with the effect of the Budget on the ordinary taxpayer.

The increase payable to the Royal Family in 1981-82 of £4,355,000 represents an addition of 10 per cent on the total for the financial year 1980-81, and Labour MPs quickly called attention to the fact that it is more than is to be given to old age pensioners and other social security beneficiaries whose increase works out at 9 per cent.

The Queen's allowance is to be increased from £2,900,000 to £3,260,000, although she will make a refund of £285,073 to offset the expenses paid in support of all members of the Royal Family.

The Prince of Wales, now preparing for his marriage in July, does not appear in the Civil List because he is supported solely by the income from revenues of the Duchy of Cornwall.

Information about his income was not readily available from Buckingham Palace yesterday, but it is put at about £300,000 a year.

The Treasury explained that the figure of £4,355,000 had been determined on the same basis as the cash limits imposed on government departments. Allowance has been made for known price increases in 1980-81 and for the full year effect of the 1980 pay settlement applying to civil servants and household staff. Specifically, provision has been made for price increases of 11 per cent and for staff pay increases of 6 per cent.

In the table, the figures for individual members of the Royal Family relate to calendar years, not financial years. That is due to the wording of the Civil List Acts. Although on a financial year basis, the overall cash increase is 10 per cent, the figure on a calendar year basis is about 12 per cent.

The amount of increased payments for various members of the household varies; that is due to the differing balance in what is called the "pay and non-pay items" in the budgets. Some have heavier commitments, for example, on maintaining their houses.

Mr William Hamilton, Labour MP for Fife, Central, and a persistent critic of the Royal Family, said last night: "These figures must surely make the average citizen seeth with anger and indignation about the injustice and unfairness of it all, and the apparent acceptance of it by the Royal Family.

"It shows them up for what they are: a greedy, grasping lot who have nothing to contribute to the solution to all the troubles besetting the country."

He said he had no doubt that the income of the Prince of Wales would go up from about £300,000 a year, tax free, to £400,000.

"That makes him in his own right very much a millionaire. His future wife must be laughing all the way to the bank and the altar.

"The time is rapidly approaching when the people will rise up in revolution against a family and a government which seem to be completely insensitive and indifferent to the hardships which exist among millions under their yoke."

	1980 £	1981 £
e Queen's Civil List	2,900,500	3,260,200
ueen Elizabeth the Queen Mother	253,900	286,000
ie Duke of Edinburgh	141,950	160,000
rincess Anne	88,450	100,000
ince Andrew	20,000	20,000
rincess Margaret	87,750	98,000
incess Alice Duchess of Gloucester	35,000	40,000
he Duke of Gloucester	70,500	78,000
he Duke of Kent	94,500	106,000
incess Alexandra	89,800	101,000
rincess Alice Countess of Athlone	9,000	73
otal	3,791,350	4,249,273
efunded by the Queen	263,800	285,073
	3,527,550	3,964,200

Charities: Upset at 'mere sop' of concessions

Charities, which hoped that the Chancellor would relieve them of the "crushing burden" of value-added tax, expressed bitter disappointment and dismissed his concessions to the disabled and charities as a mere sop.

Sir Geoffrey said that relief from VAT on all purchases by charities would be impossible to administer fairly or economically and would in any case cost too much.

But he announced that reliefs for the disabled and charities
By Craig Seton
serving them would be extended. That means that the present zero-rating for articles given to hospitals and institutions for the disabled will cover ambulances and wheelchairs and specialized aids.

Eight charities which made a plea to the Prime Minister for relief from VAT last year were not impressed.

Charities were still paying VAT on a whole range of services and goods which currently cost the eight charities concerned over £1.3m a year, they said.

They complained about the 20p increase in petrol duty and said it would cost the Spastics Society alone an extra £30,000 a year.

Transport: Cut of £157m is planned

By Michael Baily
Transport Correspondent

Transport spending is to fall by £157m, or 5.6 per cent, between 1980-81 and 1983-84, with the main reduction falling on grants for local authority current expenditure (public transport subsidies, road maintenance) of about £100m, or 9.5 per cent.

Local authority capital spending on public transport and roads will fall by about £40m (7 per cent).

The capital allocation allows for further work on the Tyne and Wear Metro, a start on the new rail link to Birmingham airport, and new buses and trains for London Transport.

Savings on present expenditure should not be so great as to prejudice the structural integrity of the local road network, the White Paper says.

Expenditure on motorways and trunk roads, having fallen from £467m in 1979-80 to £422m in 1980-81 is set at £460m annually to 1983-84. Those totals, while 2.4 per cent down on last year's survey figures, will permit completion of about 350 miles of new motorways up to 1983-84 including nearly 50 miles on the M25 London orbital route.

Arts: Income goes up 7.2%

By Kenneth Gosling
Arts Reporter

The arts budget, published as a global figure for the first time, goes up by 7.2 per cent from £168,642,000 to £180,731,000, of which £80 is allocated to the Arts Council. Most of the grants have already to £180,731,000, of which £80m been disclosed.

The National Heritage Memorial Fund, started last year with £7.3m, gets £3m, divided equally between the Office of Arts and Libraries and the Department of the Environment; each of those departments also gives a grant of £512,000 to finance the acceptance of property in lieu of capital transfer tax.

The biggest increase is in the grant to the Standing Commission on Museums and Galleries, rising from £60,000 to £250,000.

Other grants are: Museum of London, £1.168m, up by 11.2 per cent (the Greater London Council and City of London each give an equal amount); research projects, £120,000 (from £50,000); government picture collection, £155,000 (from £165,000); Public Lending Right, £293,000, to provide for the appointment of a registrar and preparation of a rights scheme; South Bank Theatre Board, £800,000 (from £600,000).

Howe apology for failure to uprate tax allowances

Continued from page 1

If the Government was to stay on course for lower inflation and lower interest rates "then we must borrow less". He had set the coming year's PSBR at £10,500m (4¼ per cent of Gross Domestic Product). Hence the need for the large amount of new revenue.

That is the Treasury's best estimate. In his speech Sir Geoffrey said "the effect of the recession on PSBR is likely to be even greater this year". However, he believed his new target to be consistent with the the new monetary targets announced for the coming year, of £M3 growth of 6 to 10 per cent over the 14 months to April 1982 (compared with 20 per over the past year).

Sir Geoffrey was at his most adamant in proclaiming that there would be no change of course. He noted the call to abandon the fight against inflation and look instead to expansion. If it meant recovery and job creation he would be ready to consider it. But he flattered here to deceive. "To change course now would be fatal to the whole counter-inflation strategy", he declared.

Chancellor determined not to change course in the fight against inflation

House of Commons

The essential duty of Government was to provide responsible management of the financial framework within which the nation had to live, Sir Geoffrey Howe, Chancellor of the Exchequer, said in opening his budget statement.

Sir Geoffrey Howe said: "The annual presentation of the budget is rightly and inevitably regarded as the principal economic act of Government. But every Chancellor, indeed every member of this House, very well understands that the economic well-being of the nation owes far more, at the end of the day, to the spirit and vitality of its people than to any single act of Government, however important.

I do not seek, in saying that, in any sense to undervalue the proper role of Government, but only to set it in perspective. What is the essential duty of Government is to provide responsible management of the financial framework within which the nation has to live.

That duty must start from a sober and realistic assessment of the nation's economic condition. It is with this that I begin.

First, the fight against inflation. We have made real progress. Prices are now rising only about half as fast as they were last summer. In the last year we have had the most rapid fall in inflation of any major country.

Living standards in the personal sector as a whole are estimated to have risen in 1980 by a further 2 per cent. There have been fewer industrial disputes than at any time in the last 40 years.

In 1980 Britain's exports increased in value, and held up in volume, and we achieved a record current account surplus of £2,750m. Many British companies are clearly facing the challenge with much more success than might have been expected.

But there are sharp contrasts. In 1980 total output in the United Kingdom fell by about 2.5 per cent and that of manufacturing industry by no less than 9 per cent. Interest rates have remained high. Many parts of British industry have been extremely hard pressed.

And although the latest figures suggest the rise in unemployment may be slowing down, there are almost a million more people out of work than there were a year ago. For individuals, families, and sometimes for entire communities that can mean real hardship. The Government shares the nation's deep concern.

But Britain is not alone in facing these problems. In the spring and summer of 1980 output fell sharply in six out of seven of the major economies. Unemployment rose by about three million in the OECD countries during 1980. In the American motor industry alone almost 200,000 workers lost their jobs.

The average OECD inflation rate remains in double figures. This year the output of the European Community as a whole is not expected to show any improvement over 1980.

A major cause of this world-wide setback is the enormous rise in oil prices in the last two years. The oil-producing countries of Opec last year collected about 150 billion dollars more in export receipts than they did in 1978. This huge increase, and the surpluses it created, mean that the rest of the world has had less to spend on other goods and services.

At the same time, governments have had to act firmly to counter the inflationary spiral set in motion by higher oil prices.

These are the main reasons why the OECD have estimated that the national product of the industrial countries this year will be at least 6 per cent lower than it would have been without the latest oil price increases. That represents a very large enforced reduction in sales and output. It has inevitably meant a big jump in unemployment.

Because we are a trading nation, the fact that we have our own oil cannot protect us from the slowdown in many of the markets to which we sell around the world.

There are still many businesses in Britain that lead the world. But the obstacles to recovery are nonetheless greater here than in other countries. Many parts of our industry have long been less dynamic than theirs.

Years of high inflation, low productivity and delayed structural change have made our economy particularly vulnerable, and reduced its ability to compete in both home and overseas markets. And so we have suffered, and are suffering, more than others.

Those firms which have lagged behind have often been encouraged to do so by the misguided belief that change can be postponed indefinitely. Eventually the combined pressures of competition and recession have compelled long overdue moves to tackle these deep-seated weaknesses.

These moves have been essential to the creation or preservation of secure jobs for the longer term. But the immediate effect has been to add to unemployment. Thus, nearly 200,000 jobs have been lost in the motor industry, steel, textiles and shipbuilding over the past 18 months.

Influences on sterling

As a nation we carried the process of weakening our own economy a long stage further in the three years before the onset of the recession. In each of the last three pay rounds, earnings in manufacturing industry rose by over 14 per cent while the underlying improvement in productivity has been little more than 1 per cent.

British unit labour costs have risen more than twice as fast as those of our foreign competitors.

Industry has had to adapt to a second large increase in the price of energy. The world oil price is now three times what it was three years ago. Because of the North Sea this has had the consequence of contributing to the sharp rise in sterling since 1977.

Various other factors have also influenced the position of sterling including changes in the fortunes of other major economies. Although the strong pound has conferred some benefit on British industry through cheaper imported materials, it has imposed real difficulty on businesses which sell against international competitors. This has been particularly true of those industries that were still seriously overmanned.

So as consumers we have benefited greatly from the strong pound and very often from large pay increases as well, while many companies have been hard pressed. Between 1977 and 1980 the real after-tax income of individuals rose by about a sixth. But the real disposable income of industrial and commercial companies fell by a quarter. And output rose by only 2 per cent.

This contrast between the fortunes of individuals and businesses marks a striking imbalance. There is also a sharp difference—within the business sector itself—between the fortunes of the oil and banking sectors on the one hand and most manufacturing companies on the other.

In these circumstances, many manufacturing businesses have had to take drastic action in order to survive. They have made large cuts in their stocks. And sharply reduced the number of jobs they were able to provide. Many factories had already gone a long way towards pricing themselves out of the market by earlier pay settlements.

Many of those who secured big pay increases may have improved their own standard of living. But only at the cost of pushing their fellow workers out of a job.

Recently, however, there has been an increasingly constructive approach to these problems, at least in the private sector.

The level of pay settlements has been falling significantly. Pay bargainers have begun to face up to the harsh truth that excessive pay is a major cause of unemployment. Most settlements in manufacturing since November have been below 10 per cent.

This is in sharp contrast to the years that went before. Management and workforce are at last joining together to tackle the problems of over-manning, restrictive practices, and out of date working methods. They are beginning to understand that cutting unit labour costs is the way to become competitive again and to price themselves back into markets and jobs.

But the nationalised industries, many of them monopolies, are not subject to the same market disciplines as the private sector. They have often been slow to adapt. And when eventually they do adjust, the financial and social costs can be very heavy. But the cost of delaying change has often been even greater, in terms of markets lost and jobs destroyed.

It is the need to make nationalized industries much more responsive to market disciplines which lies behind the Government's vigorous programme to increase competition in, for example, transport and telecommunications, and wherever possible to return parts of the state-owned sector to private enterprise.

Nor have other parts of the public sector learned these lessons at all quickly. Thus the overall cost of the public sector has continued to grow in relation to the rest of the economy.

Total spending programmes in 1980-81 are now expected to cost approaching £94,000m compared with last year's Budget forecast of about £91,500m. In addition, debt interest has cost £1,000m more than expected.

The increase in the overall total would have been still greater had it not been for the notable success of the Prime Minister in negotiating refunds from the European Communities Budget of some £600m. The burden of public expenditure will be a recurrent theme in my speech.

Extra spending on imports

It is against this background that I turn to the central objectives of my budget.

Some have urged that I should abandon the battle against inflation as our top priority—and look instead for ways of expanding the economy. If this were the way to sustained recovery for British industry, and so to the creation of more long-term jobs, I should certainly be ready to consider a change of course.

The well-being of the British people and the health of our economy are far more important than any Government's commitment to a particular strategy.

But to change course now would be fatal to the whole counter-inflation strategy. Our problem in recent years has not been a lack of final demand. Since 1977 spending in the whole economy in money terms has risen by no less than 50 per cent. Most of the impact of this has been dissipated in higher prices.

Insofar as the volume of expenditure has increased, a large share of the extra has gone on imports. In the end, there has been very little effect on United Kingdom output.

Just boosting demand would do nothing to remedy this problem. Rather it would risk throwing away the real achievements we have secured, without winning any compensating gains. (Labour protests.)

In the past, Governments have too often deprived themselves and the British people of the success they deserved because they abandoned their policies when the going got rough—when the sacrifices in fact had largely been made, but before the long term benefits had begun to arrive.

It would indeed be a tragedy to inflict on ourselves a further dose of crippling inflation just at the time when, with resolution, our industry can be helped to take advantage of the more stable conditions, which should follow the easing of the present recession.

I am, therefore determined to sustain the firm action that is necessary to maintain our success in the battle against inflation. (Conservative cheers.)

It is also essential this year to respond to the two imbalances in our economy that I have described; the imbalance between consumers and industry and the imbalance between public and the private sectors. Moving towards a better balance in the economy must be the central purpose of this budget.

There is now world wide recognition that inflation is the enemy of growth and employment. And it is just as widely recognized that sustained monetary restraint is necessary if inflation is to be kept permanently under control.

Of course, there is not a rigid or mechanical relationship between money and prices. (Labour shouts of "Oh".) Of course, there are other influences on inflation, particularly in the short run. But monetary policy is of fundamental importance. These principles apply to this country as much as to any other.

It is time for us to start thinking ahead to the advantages that will accompany a permanent reduction in inflation. For to live once again in a world that has banished the spectre of accelerating inflation must be our objective.

We reaffirmed our commitment to that objective last year when we published the medium term financial strategy. I am reaffirming it again today by taking the measures necessary to strengthen and carry forward that strategy.

I have no doubt the House will expect me to spend a little time on monetary matters. As the recent report from the Treasury and Civil Service Select Committee has shown so clearly, this is an absorbing and important area of policy.

Thanks to the tight financial conditions of the past 18 months, including the effects of the strong pound, we are well ahead in the battle against inflation. We have achieved this while reducing controls rather than by imposing them.

But for a number of reasons related to the special circumstances of last year, the growth of £M3, the measure of money used to express the strategy, has been well outside the first year target range of 7-11 per cent.

I said in November that I expected it to slow down in the new year. Recent figures, including the preliminary figures for banking February, published today, are fully consistent with this.

The first reason for rapid monetary growth over the year is the abolition of the so-called corset. This was long overdue. All that the corset achieved was to make the published figures for monetary growth artificially low.

The combined effect of this borrowing has been an important expansionary influence on £M3.

At the same time there has been a high level of private investment in financial assets. This can be seen as an attempt by the private sector to rebuild its holdings of such assets, whose purchasing power had been sharply eroded by inflation.

It has included an increase in holdings of interest-bearing money. But to the extent that it merely involves returning towards a more normal level of financial assets it need not fuel inflation.

Other indicators also suggest that the underlying financial conditions have, as the Government intended, been tight. Our Green Paper on monetary control, published a year ago stressed the need to watch a range of measures of monetary conditions.

Over the past 18 months the narrower measures of money have not grown at all rapidly. The pound has certainly been higher than would be expected from the behaviour of the money supply.

This external pressure has reinforced the monetary squeeze and has contributed to the fall in inflation. And inflation has fallen so much relative to interest rates that the real cost of borrowing has risen significantly.

Since its removal last summer these distortions have been reversed, and the figures have been artificially high. By their very nature such distortions are impossible to measure accurately. They are however, likely to have been substantial.

But, of course, purely statistical changes have no implications for future inflation. The distortions have now largely worked their way out of the system. In that respect, £M3 will from now on be a better measure.

Again, the growth of £M3 was increased last year by the special nature of the recession. Public borrowing increases in a recession, but this is normally offset by lower private borrowing. Over the past 12 months public borrowing has been exceptionally high. But on this occasion bank lending did not fall away as quickly as might have been expected.

Because of the exceptional imbalance between business and personal incomes, both sectors have, for different reasons, borrowed heavily. Faced with an unexpectedly severe recession, and the consequences of previous pay increases businesses borrowed from the banks to tide them over while they reduced costs.

Many people, on the other hand, have seen their living standards rise to an extent unusual in a recession, and they have been willing and able to borrow as well.

Financial behaviour should now revert to a more normal pattern. The private sector has been moderating its borrowing from the banks. And the exceptionally rapid build-up of personal sector liquidity should come to an end as the growth of prices and incomes continues to slow down.

It is important to express the medium term strategy in terms of a wide measure of money because it has close links with public spending and borrowing.

So I am maintaining continuity by keeping £M3 as the yardstick for medium term policy. The aim remains to reduce monetary growth to 4-8 per cent by 1983-84.

The new target range for next year based on the actual figure for £M3 in banking February, will be an annual rate of 6-10 per cent over the 14 months to April, 1982. All this is more fully explained in the financial statement and budget report.

Money supply growth

The special factors at work last year are unlikely to be repeated. In any event they should have no adverse implications for future inflation. But we cannot be certain that they were the only causes of the rapid growth in money supply.

So it may be desirable to recover some of the past year's high monetary growth in the form of lower growth over the medium term. But the most important requirement is a lower growth of the broad measures of money in the years ahead.

However, the short-term response of £M3 to interest rate changes is particularly uncertain and the full effect can be spread over many months. The narrower measures, which we will also monitor, include fewer interest-bearing types of money that are more sensitive to changes in interest rates.

But because they are so sensitive, they can overstate the effect of interest rate changes on underlying monetary conditions. Moreover their relationship to other aspects of policy is less clear.

I am taking steps to improve the information available about the narrower measures. Publication of figures for monetary base will begin later this month. Arrangements for a new statistical series for the retail deposits of the banking system—to be called M2—are also well advanced. It will be published later this year.

We shall continue to monitor M1. In doing so, we shall take account of its normal tendency to grow quickly as nominal interest rates come down with inflation. For this reason we are now finding M1 growing rather faster, for a time, than it did last year.

I turn now to the public sector borrowing requirement, the PSBR. Some people, I know, are tempted to regard the PSBR as an entirely mystical concept, of interest only to economists. How I wish they were right! But alas!

The size of public borrowing is, as it must be, a central, important constraint. There should be no surprise in that. For governments are not so different from individuals.

The PSBR, in plain language, is broadly the difference between what Government spends, or lends to others, and what it receives in revenue, mainly through taxation. It necessarily includes what the nationalized industries borrow; most of this comes from the Government, and where they borrow from other sources, the Government stands behind them.

So the PSBR is the amount central and local Government, and the public corporations, have to borrow. It is the experience of governments around the world that if they try to borrow too much, then either interest rates or inflation or both begin to soar. Britain's experience tells the same story. If we are to stay on course for lower inflation and for lower interest rates, then we must borrow less. (Conservative cheers.)

Public borrowing as a proportion of national income must be brought down. This is why the medium term financial strategy envisages a downward path for borrowing, as well as for the growth of the money supply. These remain two essential prerequisites for a lasting grip on inflation.

Against that background the House will understand my anxiety at the way in which borrowing has actually developed. For 1980-81, the year which is drawing to a close, the PSBR is now forecast to emerge at £13,500m, or 6 per cent of the gross domestic product. This compares with the 1980 budget forecast of £8,500m.

The lion's share of the £5,000m excess in 1980-81 was accounted for by higher expenditure (Labour shouts of "No"). But there has also been a net shortfall of tax revenue of about £1,000m, with receipts from indirect taxes and North Sea oil below expectations—and only partly offset by higher receipts from the other Inland Revenue taxes.

For the year now approaching, 1981-82, our published strategy suggested an illustrative PSBR of some 3 per cent of the gross domestic product. Translated into today's prices this would be about £7½ billion.

In 1981-82 output is expected to be lower and unemployment higher, than envisaged a year ago. The effect of the recession on the PSBR is likely to be even greater this year. It is therefore clear that a £7,500m on PSBR for next year would be unduly restrictive. (Labour laughter.)

£10,500m PSBR

Moreover, I must tell the House that this year's budget-making exercise has started from the basis of a forecast for the PSBR in 1981-82 of no less than £14 billion. I am in no doubt that to begin the year with the intention of borrowing as much as £14 billion would be irresponsible in itself and unacceptable to the House. (Renewed Conservative cheers.)

What then should be the objective for next year's PSBR? I have already ruled out £7,500m, as unduly restrictive. Taking everything into account, I have concluded that it would be right to provide for a PSBR of some £10,500m in 1981-82, which is a little more than 4 per cent of the gross domestic product.

This is still a high figure. But I believe it to be consistent with the monetary target that I have just announced. I also believe it to be a sum that can be financed without placing undue strains upon the capital markets.

But as the House will understand, if the figure is to be brought down to £10,500m from £14,000m, then some harsh decisions are inescapable. The figure of £14,000m which I have just quoted incorporates the spending plans for next year that have already been announced — but it is otherwise based on unchanged tax rates and unchanged allowances.

It allows for the increases in National Insurance contributions I announced last November—which the House has now approved. That leaves a net sum of around £3,500m to be secured in this Budget. £1,000m of that will come from the new North Sea taxation that I foreshadowed last November. I shall be outlining other proposals later in my speech.

These tax changes should enable us to achieve our monetary objectives without having to face intolerably high interest rates. But we are determined to maintain the monetary and fiscal framework necessary for the reduction and defeat of inflation — even at the cost of departing, for the time being, from our commitment to lower personal taxes (more Labour laughter).

The tax increases I am announcing today are a measure of that determination. Equally they reflect the bill that we as a nation must meet if we are to pay for the high level of public spending we have chosen to support. I will return to the detailed proposals shortly.

Meanwhile, it is necessary not only to reduce Government borrowing; but also to finance it in a non-inflationary way. By drawing more efficiently on possible sources of savings, it should be possible to control the growth of £M3 more effectively.

Imaginative use of National Savings can help to reduce pressure on the capital markets. Thanks to the initiative announced last autumn we have already achieved our National Savings target of £2,000m for 1980-81.

For 1981-82 we have set the still more ambitious target of £3,000m. New measures are needed for that. We therefore propose two important changes to the second issue of index-linked certificates or granny bonds.

From the beginning of next month, the age of eligibility for these certificates will be reduced from 60 to 50—(loud Labour laughter)—and a minimum bonus of 4 per cent will be provided for all holders, both new and existing.

A reduction in the interest rate on the national savings investment account from May 1 will be announced later this month.

This will be compatible with keeping interest rates on National Savings instruments competitive enough to achieve our target.

In October last year the Secretary of State for Energy (Mr David Howell) announced plans for a bond which would allow the public to share in the benefits of the nation's North Sea oil resources.

North Sea oil bond

The Government intend to issue such a bond later this year. It will be aimed at small savers and will be a non-marketable certificate, administered by the department for national savings.

Its capital value will be fixed but the return on the bond will be linked to the value of the British National Oil Corporation's North Sea oil.

We also propose an important extension of the structure of Government borrowing, by introducing an indexed gilt-edged security. This will be sold to pension funds, and to life insurance companies and friendly societies in respect of their United Kingdom pension business.

Restricting the right to buy this indexed gilt will help to avoid the risk of attracting unwanted inflows of foreign funds.

It will give those institutions which are eligible a new choice between indexed and conventional securities. The Bank of England is announcing this afternoon details of an issue of long-dated indexed stock worth £1,000m.

This innovation demonstrates the confidence we have in our strategy for bringing inflation down. (Further Labour laughter.) It will also reduce uncertainty about future real rates of return, thus helping borrowers and lenders alike.

There are important advantages too for monetary control. We will have more flexibility in the market place and thus greater assurance of meeting our borrowing needs.

We are also considering the introduction later in the year of new short term marketable Government securities.

I am proposing some new measures which will help short term monetary management by smoothing the uneven flow to tax revenue. The most important area is that of North Sea oil taxation, to which I shall come later. Other proposals will be described by the Minister of State (Mr Peter Rees) later in this debate.

These initiatives will be accompanied by other improvements in monetary control. Following extensive consultations based on last year's Green Paper, I outlined last November some changes which were desirable in their own right and would be consistent with a gradual evolution to monetary base control. These will come into effect during the coming financial year.

The reserve asset ratio has complicated monetary control. The first step in phasing it out was made in January. In the next month or two, at the conclusion of talks now to be undertaken with the banks, the ratio will cease to be minimum requirement.

Thereafter it will be adapted to have a transitional role as a prudential norm round which there will be variation, until the detail of the new arrangements has been settled.

The Bank of England has already made some useful changes in its money market operations. In its dealings with the discount houses it now relies mainly on buying and selling bills.

Direct lending to the market has been greatly reduced. The interest rate on this lending is also now generally somewhat above comparable market rates, while the rates at which the Bank conducts its open market operations have become more flexible.

In conducting its operations in bills the Bank no longer quotes rates for more than one month ahead. Instead it responds to bids and offers.

This has the great advantage of allowing the market a greater role in determining the structure of short term interest rates.

Discussions are now to take place with the financial institutions about these and other changes, including the future of the cash ratio. When they are complete the Bank will aim to keep very short term interest rates within an unpublished band, and in due course suspend altogether the practice of having an announced MLR, which would by then have lost its operational significance.

Decisions about short term interest rates will continue to take account of the whole range of monetary indicators referred to earlier and other factors which affect the significance of these numbers, especially the progress of inflation.

Modest reductions in interest rates were made in the second half of last year. Progress in reducing inflation, strongly positive real interest rates, a noticeable slackening in the growth of £M3 in recent months, and a marked fall off in bank lending point towards a further reduction in rates. The increases in taxation which I am imposing in the budget will make it possible to have an immediate reduction.

Accordingly, the Bank of England is today, with my approval, reducing its minimum lending rate by 2 percentage points. (Cheers).

Further progress towards lower inflation and lower interest rates does not depend primarily on improvements in funding techniques or in managing the money markets, important though these are. The overriding need is for more effective restraint of public spending.

In the last year public expenditure has put a severe strain on the budget. Much of the increased spending has been caused by the effects of the recession being worse than expected.

Overspending on defence

There has been an increase of £750m in spending on unemployment benefit and on special employment measures, notably the temporary short-time working scheme. On many central Government programmes the expected shortfall in expenditure has not happened, and so the total has been higher than expected.

The recession has also—inevitably—had an adverse effect on the financial situation of most nationalized industries. It has meant an increase in the total of these industries' external financing limits for 1980-81 of some £900m, over half of which has been for the steel industry.

Some of the nationalized industries are now taking steps to reduce the overmanning and inefficiency which have built up over the years. But that too can cost more money initially.

These, however, have not been the only sources of upward pressure. On defence there has been substantial overspending—to the tune of £260m—over and above a cash limit which had already been increased by £200m.

Local authorities' total cash spending appears to have been a good deal higher than allowed in my last budget—and the position would have been much worse without the firm action taken by the Secretary of State for the Environment (Mr Michael Heseltine).

Because of all these developments, we have not been able in the course of 1980-81 to secure the full 5 per cent cut at which we were aiming in our predecessors' planned volume of expenditure. We did nevertheless achieve a reduction of about 3½ per cent—no less than £3,500m.

Moreover, since this Government came into office numbers employed in the Civil Service have fallen by 35,000, and by the equivalent of about 40,000 full time staff in local government.

In the coming year, some of the upward pressures on public sector spending are bound to remain with us. I have in mind, for example, last November's decision to spend more on industrial support and on special employment measures to ease the effects of recession.

Next year the cost of special employment measures will be no less than £1,000m. This will make it possible to offer every unemployed school leaver a place on the youth opportunities programme by Christmas. And we hope to offer other 16 and 17 year olds, unemployed for three months, places within a further three months. In all, 440,000 opportunities will be offered—twice as many as in 1979-80. In addition the temporary short time working compensation scheme is currently supporting nearly 700,000 people.

However, this need to spend more on some programmes cannot justify accepting the wrong fiscal balance. That is why we took the decision which I announced last November to reduce most of the Government's other programmes by £1,400m cash. These substantial cuts will go a good deal of the way to offset the other increases I have described. But they have not gone far enough to avoid the need for very substantial increases in taxation.

It is worth recalling that this Government has not been alone in having to cut planned and actual public expenditure. Our predecessors had repeatedly to do the same. Such reductions are necessary if the burdens on the rest of the economy are not to become intolerable.

They are essential to the fight against inflation. This has been the recent experience of almost every other industrial democracy. The economic conditions which call for lower public spending are a world-wide phenomenon.

Today's new public expenditure White Paper shows a planned volume of public expenditure next year which would be much the same as this year's expected outturn. Various developments since the White Paper went to print, including the withdrawal of the plans for accelerated pit closures, have made it prudent to increase the size of the Contingency Reserve.

I shall also be announcing later in my speech additional expenditure to help with industrial fuel costs. Altogether these will add about one-third of a per cent to the volume of expenditure next year, 1981-82.

The resultant planning total is more than 3 per cent higher than we had intended last year. But despite the much larger claims of employment support and of social security it will still be nearly 5 per cent less than our predecessors had planned.

Public service pay bill

Our decisions for the future are designed to ensure that the volume of spending falls after 1981-82. The public expenditure White Paper shows a planned fall of 4 per cent by 1983-84.

Whether we can spend even on that scale must depend on how far we can afford to do so. During the annual review later this year we shall be looking hard at the possibility of further reductions in those spending plans.

The House will find that the sheer size of public spending becomes much easier to grasp if one thinks not just in terms of the so-called volume of spending but in terms of actual cash paid out. The difficulty of controlling it becomes clearer too.

Last year, 1979-80, we spent on programmes £77,000m in cash. This year, 1980-81, the corresponding figure will be nearly £84,000m. Next year, 1981-82 we will spend about £104,000m, cash. If debt interest is included, the rise is even greater.

An important part of the rise in total expenditure between last year and this has been due to the increase in the public services pay bill resulting from the Clegg Commission and similar catching-up exercises, many involving staged settlements.

The Clegg awards and staged settlements alone accounted for an increase of £2,500m between the two years.

We have had to make provision for those consequences of the previous Government's incomes policies. But the significance of those consequences, and the extent of the problem they present, has still not been widely recognized or understood.

The pay bill for the public services in 1980-81 of about £30,000m is about 25 per cent higher than in the previous year. This is twice as fast an increase as in the pay bill of the private sector.

Much of the overall cost of pay settlements in the private sector has been offset by a reduction in numbers of people employed, or in hours worked. So the cash cost of Government has been growing much faster than the cash income of the rest of the economy which has to support it.

The immediate lesson is simple—but vital. After the recent large increases it is now both fair and essential that public service pay should grow more slowly (Conservative cheers). Pay, after all, accounts for as much as 60 per cent of the major public expenditure programmes such as education and health. This is why it is so important to work out improved ways of settling public service pay. Any new system must take proper account of all the relevant factors: the balance of supply and demand for particular skills, as well as comparisons with terms and conditions in outside employment and—inescapably—the limits of finance available.

Due weight will also need to be given to the expectation and intention of a continuing decline in the rate of inflation.

Experience over a number of years shows clearly the need for a system for the control of public expenditure generally which displays the consequences of spending decisions as plainly as possible. The present system certainly does not do that.

This year, as for many years past, the figures in our White Paper are expressed mainly in volume terms at "constant" prices. But there is something inherently unreal in trying to plan and measure things in terms of what is rightly described as "funny money".

Goods are not bought and people are not paid in the money of last year or the year before. They are paid in cash. And when the community, acting through the Government, decides to buy goods and services it has to pay in money of the day, just like any private individual.

There is, of course, a case for planning in volume terms as well. There is a clear need to plan the number of hospitals or roads or frigates that we are aiming to have in future years. But there is great danger in planning in volume alone.

For there is then an inevitable tendency to assume that a given quantity of goods or services will definitely be available, however much its costs may have risen. For this reason it is essential that the control and planning systems should focus much more closely on the money actually spent.

I am accordingly making some important changes in the control and planning of public expenditure. These changes cannot be a substitute for the hard political decisions that have to be taken. But they will enable those decisions to be taken with a much clearer appreciation of what is involved. They will help to displace the automatic assumption that what was once planned can always be afforded.

We have decided to make a major shift in the planning and control of spending from volume to cash. The introduction of cash limits by the last Government paved the way for this change. We now need to go a great deal further down that road.

In the first instance we shall, from the coming year onwards, change the way in which we operate the Contingency Reserve. This will now be a cash control. Previously only decisions which increased the volume of spending during the year were charged to the reserve.

Next year the control will be extended so that decisions to increase cash limits—in respect of pay or prices as well as in respect of volume—will be treated as a charge on the reserve.

The reserve will be set at £2,500m cash, about 2½ per cent of the total of programmes. This allows both for the wider coverage resulting from the switch to a cash basis, and for the increased provision, which I have already mentioned, to allow for developments since the White Paper.

Even more fundamental is the change we shall be making in the way we go about future annual reviews of public spending.

In planning public spending for 1982-83 we shall from the outset conduct our examination and discussions in terms of the cash which will be available for that year. This will change the whole framework and spirit within which decisions are taken.

In some ways it will make things more difficult for those who have to manage spending programmes—harder indeed for the Government as a whole. Departments will be obliged from the outset to form a view as to what their money will buy.

That is bound to be less easy than just deciding what they want—and then simply looking forward to receiving all the money necessary to pay for it.

This is precisely the same problem that every family in the land has to face in planning their own spending. They may have to adjust plans, according to the way costs move and according to the availability of finance.

The focus must always be on how much cash is actually going to be available. It is high time for public spending to be subjected to similar discipline. This change to taking decisions in terms of cash will make a major contribution to improving financial management, and will do much to support our other efforts to increase cost consciousness and accountability throughout the public sector.

I turn now to my specific tax and spending proposals. They cannot all be covered in detail, even in a lengthy speech, and more information about a number of them will be found in a series of press notices issued by the departments concerned.

I have stressed already the huge total of public expenditure. Far and away the biggest element within it is the social security programme. It accounts for more than a quarter of the total. And in the last decade it has grown very fast.

Retirement pensions up

Partly this is because of the increasing number of beneficiaries and the replacement of child tax allowances by child benefit.

But it also reflects real increases in rates of benefit. Thus over the decade the retirement pension has gone up by about 30 per cent in real terms. That is about twice as much as the increase in the national income as a whole.

The cash cost of the social security programme in 1981-82 comes to a staggering £27,000m. This is about £1,000 per year for every worker in the country. We cannot therefore, avoid considering this programme as closely as any other.

I estimate that prices will rise by 10 per cent in the year to next November. The increase in pensions and other benefits made in last year's uprating proved to be one per cent more than required to keep pace with last year's inflation.

This is because prices rose more slowly than expected between November, 1979, and November, 1980. State retirement pensions, public service pensions, and most other benefits (including supplementary, unemployment and sickness benefits) will, therefore, be increased next November by about 9 per cent.

This reflects the expected rise in prices and at the same time adjusts for the over-provision made last year. The increase in the benefits will be substantial.

The retirement pension for a married couple will go up by £3.90 to £47.35 per week, and for a single person by £2.45 to £29.60 per week. Unemployment and sickness benefits will be increased to £36.40 and £22.50 per week respectively.

Full details of the November increases will be announced tomorrow by the Secretary of State for Social Services (Mr Patrick Jenkin).

We shall be giving further consideration to policy towards public service pensions in the light of the report of the Scott Committee.

I shall myself have something more to say about child benefit in a few minutes.

There is one group to whom we should pay special attention this year—despite the economic constraints we face. I refer to the disabled. For this is the International Year of Disabled People. The Secretary of State will be announcing tomorrow an increase in mobility allowance. I shall mention some other measures now.

The special income tax allowance for the blind has stood at its present level since 1975. I propose to double it to £360. I hope this will be of some help to blind people in tackling the very real problems they have to face.

Many representations have been made to me for relief from VAT on all purchases made by charities. I have regretfully concluded that such relief would be impossible to administer fairly or economically and would in any case cost too much.

However, I do propose to extend existing VAT reliefs for the disabled and the charities serving them. For example, the present zero-rating for articles given to hospitals will in future cover ambulances and wheelchairs.

The benefit of this zero rating will also be extended to institutions caring for the disabled.

Car adaptations for disabled drivers will also be relieved from VAT. The necessary Treasury order is being laid today.

I am also proposing changes which will widen the scope of the reliefs from capital taxation for trusts for the disabled. And to encourage unemployed people to work for voluntary bodies, the amount a person can earn without affecting unemployment benefit will be increased from 75p per day to £2 per day.

The total cost of these measures is relatively modest. But if put alongside the tax reliefs I announced last year in respect of covenanted gifts to charities, the overall amount is substantial.

The House may like to be reminded that tax relief on covenants at the higher rates of t[ax] becomes effective from April [6] 1981, at a revenue cost of £20m.

These reliefs should greatly i[m]prove the fund-raising ability [of] charities. I shall be arranging [to] publicise these reliefs, and t[he] opportunities they offer, mu[ch] more widely.

There is one other matter which I should refer. I announc[ed] last year that we planned to bri[ng] into tax the invalidity, sickne[ss] and other incapacity benefits.

We had expected that th[is] might be from April 1982. In pa[rt] because of pressures on ci[vil] service staff numbers, we propo[se] to postpone this. I confirm ho[w]ever, that when invalidity bene[fit] does come into tax, the 5 p[er] cent deduction made from t[he] November, 1980, uprating will [be] restored.

I come now to the range [of] measures that are necessary [to] raise the extra revenue for th[e] year.

First the North Sea. In decidi[ng] on particular measures I have h[ad] to take into account recent dev[el]opments and future prospects f[or] North Sea oil, and the implicatio[ns] these have for Governme[nt] revenues. In 1980 production [from] the North Sea at 80 million tonn[es] of oil was less than predicted [and] only four-fifths what had be[en] expected two years before.

The production difficulti[es] experienced in the past year ha[ve] led to a major revision of outp[ut] levels over the next few yea[rs]. The Secretary of State for Ener[gy] (Mr David Howell) has just pu[b]lished reduced forecast ran[ges] for North Sea production in t[he] years to 1984.

While oil production is lik[ely] to be lower than once expect[ed] oil prices are much high[er]. Increases since 1978 in the r[eal] price of oil have brought substa[n]tial benefits to the oil compani[es] which face a very different pro[s]pect to that when the present t[ax] regime was introduced.

Such has been the rise in t[he] oil price in recent years that [I] believe that the Exchequer shou[ld] properly look to this area f[or] additional revenue beyond wh[at] will accrue from existing taxes.

However, even after t[he] measures I am about to announ[ce] the increase over the medium ter[m] in Government revenues from t[he] North Sea will be smaller th[an] was once expected.

In my statement last Novembe[r] I foreshadowed the measures [I] had in mind for increasing th[e] Government's share of these re[v]enues while maintaining ince[n]tives for further exploration a[nd] development.

Consultations with the oil indu[s]try have taken place and I c[an] now announce detailed proposa[ls].

I intend to introduce a ne[w] tax—the supplementary petroleu[m] duty—broadly as outlined la[st] November. The new tax will [be] at a rate of 20 per cent on t[he] total value of oil and gas pr[o]duced, after deduction of [an] allowance of one million tonn[es] a year for each field. It will [be] deductible in computing liabili[ty] to Petroleum Revenue Tax an[d] Corporation Tax.

In response to representatio[ns] by the industry, gas supplied [to] the British Gas Corporation fro[m] earlier North Sea fields will [be] exempted. And there will be pr[o]vision for the new tax to [be] refunded where fields do n[ot] fully recover their initial develo[p]ment expenditure.

The new tax will be payable [in] monthly instalments. This w[ill] make a useful contribution [to] achieving a smoother public se[c]tor cash flow through the year. [I] shall also invite the industry [to] consider with the Inland Reven[ue] how a broadly similar pattern [of] payments might be introduced f[or] PRT.

I also announced in Novemb[er] last year that the special relie[f] devised for PRT were under r[e]view. I now have proposals [to] make involving some restrictio[n] of these reliefs.

I hope that Mr Peter Ree[s] Minister of State, Treasury, w[ill] have the opportunity of coveri[ng] them more detail in the debate.

There are a number of oth[er] minor changes to improve the [oil] taxation regime—partly made [in] response to the industry's ov[er]views.

The new tax, together wi[th] changes to the PRT reliefs, w[ill] raise an extra £1,000m in 1981-8[2]. There will be a substantial co[n]tinuing yield in later years.

The oil companies have urge[d] that my objectives of more reve[n]ue, and a more efficent an[d] economical pattern of tax relie[f] could be better secured by [a] thorough-going reform of PR[T] which would make it unnecessa[ry] to introduce a permanent new tax.

Officials have over sever[al] months given exhaustive consider[a]tion to this possibility, but witho[ut] success, and no other proposa[l] which I could regard as satisfa[c]tory have been put forward fro[m] from any other source.

Once-for-all tax on banks

But I do not close my mind [to] the possibility that modified pro[]posals producing a broadly simil[ar] yield might be forthcoming.

I propose, therefore, that th[e] new tax, SPD, should in the fir[st] instance have legislative effe[ct] only for the 18 months ending o[n] June 30, 1982.

This will allow ample time fo[r] further study and consultatio[n] before permanent arrangement[s] are introduced in next year['s] Finance Bill.

Apart from oil, one other busi[]ness sector has largely been pro[]tected from the effects of th[e] recession, and that is banking. Indeed, bank profits in recen[t] years have increased sharply, bot[h] absolutely and by contrast wit[h] the experience of most othe[r] businesses.

A substantial part of these profits is the direct consequenc[e] of high interest rates in the pas[t] two years: this applies in particu[]lar to the so-called "endowment profit" on current accounts o[n] which no interest is paid.

Recent levels of bank profit[s] are partly, of course, a cyclica[l] recovery from the low level t[o] which they fell in the mid-1970s. Also, the banks have needed t[o] make provision against the effect[s] of inflation and to rebuild th[e] reserves needed to underpin the valuable support they give t[o] businesses in difficult times. Tha[t] is why I took no action last year.

However, I undertook to keep developments under review. The last year has seen further high[er] banking profits, probably at a level not very different from the record profits of 1979.

Certainly the contrast with the sharply reduced profits of industrial companies is if anything more striking. In present difficult circumstances, I cannot avoid the conclusion that I should require the banks to make a special fiscal contribution.

This will take the form of a special once-for-all tax on deposits of banking businesses which are in operation today. The tax will be charged by reference to non-interest bearing sterling deposits

Higher taxes needed to achieve lower interest rates and aid for industry

in excess of £10 million, averaged over the final three months of 1980.

The rate of tax will be 21 per cent. It will not be deductible against corporation tax. I estimate that the clearing banks will be the source of about 90 per cent of the revenue but the tax will apply to banking businesses generally.

Altogether an estimated £400 million will be raised in three instalments over the second half of 1981-82. This revenue will make it possible for me to give some help to the rest of industry this year which otherwise I could not afford.

Even so for the reasons I have already explained it is necessary to look principally to the personal sector for the additional revenue needed. People in employment have in general had more money to spend. Extra tax will have to be levied on that expenditure.

I do not propose any increase in the 15 per cent rate of VAT. As last year, most of the extra revenue needed must come from the excise duties. Increases would be necessary again this year simply to keep the rates of duty in line with the general movement of prices.

Even when that had been done, however, many of the duties would be lower in real terms than they used to be. For example, since April, 1975, the beer duty has risen by only about half as much as prices generally.

I am proposing to increase the excise duties to produce, in total, about twice as much additional revenue as would be required to compensate for one year's inflation.

First, the duties on alcoholic drinks and tobacco.

From midnight tonight I propose to increase the duties on drinks by amounts which, including VAT, represent about 4p on the price of a typical pint of beer, 12p on a bottle of table wine, 25p on a bottle of sherry, and 60p on a bottle of spirits.

On tobacco, I propose from midnight on Friday to increase the duty by an amount which, including VAT, will represent 14p on a packet of 20 cigarettes.

There will be consequential increases for other alcoholic drinks and tobacco products. But a little less for pipe tobacco which is used particularly by pensioners.

I estimate that the increase on alcoholic drinks will yield £500m in 1981-82 and £515m in a full year. The increases on tobacco will raise almost exactly the same.

The duties on matches and mechanical lighters, which have not been raised since 1949, will be increased substantially—to raise an extra £15m a year.

Road fuel must also make a substantial contribution. The duties on petrol and derv will be increased from 6 pm tonight by the equivalent, including VAT, of 20p a gallon. (Loud Labour protests.)

These increases should yield an additional £910m from petrol and £270m from derv in 1981-82 and the same in a full year.

I propose to increase the vehicle excise duty on all vehicles by about 15 per cent. The annual duty on cars will thus increase by £10 to £70.

As the duty on derv is being increased in line with that on petrol I do not propose any differential increase on heavy lorries. The VED increase should yield £225m in 1981-82 and the same in a full year.

Finally, I propose extending the car tax to motor cycles, scooters and mopeds. This tax is charged at 10 per cent on the wholesale value and is in addition to VAT. There is no longer any reason why these machines should be treated any differently from motor cars.

The change is estimated to raise about £10m in 1981-82 and £15m in a full year.

In all, these changes to the indirect taxes should raise about £2,400m in 1981-82 and about the same in a full year.

With the partial exception of the road fuel and vehicle excise duties, the increases fall on those products which are bought by private consumers. Had all these excise duties simply been increased in line with inflation this would have added 1 percentage point to the RPI.

The increases I propose could add up to a further point. This is the maximum impact effect on prices. But in the longer run, by reducing public borrowing, they will help to bring inflation down and ensure that it stays down.

I come now to income tax. Once again I must have the main priority in mind—the need to contain public borrowing, so as to make it possible to secure lower interest rates and ease the conditions in which the trading sector of the economy has to operate.

Inflation raises the real burden of income tax. This is because allowances and rate bands are fixed in money terms. As the value of money falls so too does the value of these allowances and bands.

It was in order to counteract this effect that this House in 1977 carried a measure which required Governments to raise the tax allowances by each year's inflation unless Parliament explicitly decided to the contrary.

Tax bands unchanged

To implement this formula now would mean increasing allowances by about 15 per cent. In the circumstances of this year, that simply is not possible. The incomes of most people have been rising in both money and real terms; but many companies have seen their profits virtually disappear, with serious implications for jobs and investment.

In these circumstances it will not be possible this year to make any increase in the income tax allowances or rate bands. (Prolonged Labour protests and shouts of "Resign".)

The House will be asked to approve a resolution to this effect.

A Treasury order is also being made today, following the procedure laid down in the 1980 Finance Act, setting out what the increases would have been in the thresholds and allowances if indexation had been possible.

The House will wish to know that full indexation of the allowances and rate bands would have reduced the full year yield of income tax by £2,500m.

This decision has not been lightly taken and I share the disappointment everyone will feel. It does enable us to avoid, as I am sure is right, the need for any change in the basic or other rates of income tax.

And it does enable me to tell the House, as I am glad to be able to do, that we propose that child benefit, and one-parent family benefit, will both be fully price-protected in line with the forecast of inflation.

Next November child benefit will, therefore, go up by 50p a week per child, to £5.25. The one-parent family benefit will go up by 30p to £3.30 per week.

At a time when the real burden of income tax has to be increased, it is all the more important that it should be fairly shared.

The benefit of a company car is already subject to tax, but the tax scales fall well short of the true value. The amounts assessed to tax are less than half the AA's estimate of the annual costs of running a car.

Last year we prescribed an increase of 20 per cent in the scales from this April, just about enough to keep them rising in line with the costs of motoring.

I now propose they should be increased by a further 20 per cent in April 1982. For company cars which have little or no business use there is a higher schedule of taxation.

I propose to raise the business mileage below which this charge applies from 1,000 to 2,500 miles a year with effect from this April.

Last year I referred to the growing practice of employers providing free petrol and said that I should be bound to contemplate action if it continued to spread. This warning has largely been ignored.

I propose therefore to take action which will ensure that tax is chargeable in all cases where petrol is provided for private use of a higher paid employee or director.

The Inland Revenue will consult employers' organizations over the administrative implications of the various possible methods of achieving this.

Most people have to pay for their own travel to work, whether by rail or by road. Some people have their travel costs met by their employers. Most of these pay tax on that benefit. There is, however, one small, but growing, group—not more than one commuter in 10—who get their travel costs tax-free.

When an employer contracts with a transport authority for provision of a season ticket to his employee, the benefit is not, under the present law, within the general liability to tax. This is a clear anomaly. And it is plainly right to bring this group into line with everyone else.

Similarly a minority of employees are provided with credit cards which they use to obtain a wide range of goods and services which are charged to the employer. The employee may avoid paying tax on part of what is truly his income. This too is quite wrong.

I shall ensure that all employees pay tax on benefits of this kind.

Following consultations which took place last year, I have decided for now to leave in place the earnings threshold below which the taxation of fringe benefits does not, in the main, apply.

Company cars and other such benefits will therefore continue not to be taxed in the hands of those earning less than £8,500 a year. Consistently with this approach, I propose to remove the charge to tax on medical insurance premiums paid by employers for the benefit of their employees earning less than that amount.

One pre-war anti-avoidance measure needs to be brought up to date, following the decision in the Vestey case. This has shown that, among other imperfections, the rules dealing with avoidance of tax by way of transfers of assets abroad do not affect an individual who benefits from such a transfer but did not make or procure it.

I propose changes in these complex and technical rules, to take effect from today, which will ensure that the individual pays tax on any benefit he receives. I also propose to amend the rules governing the taxation of capital sums paid by trusts.

So far, I have been dealing almost entirely with a group of measures that will have the disagreeable but necessary effect of increasing the revenue.

In order to secure the reduction in interest rates, most of that revenue must go to reducing the PSBR. But some can go, as it should, to lighten directly the tax burden on business and enterprise.

There is not enough for across-the-board measures. It is important to concentrate relief where it will be most effective.

I cannot, for example, find room for a reduction in the National Insurance Surcharge, at a full year cost to the PSBR of £700m for each percentage point. Nor would a general reduction in corporation tax be appropriate since it would not help companies who are so hard-pressed that they are making no profit.

I therefore propose to bring help to business and to encourage enterprise in the following ways.

The first measure is one announced, subject to further consultation on the details, last November: the reform of the stock relief scheme.

This reform will tackle certain abuses of the old scheme which have attracted legitimate concern. It will also lift the threat of clawback—the withdrawal of tax relief, when businesses reduce their stocks. This was jeopardizing the financial position of industry in the current recession.

It was above all this problem of clawback that made it essential for the details of a new scheme to be announced as they were in our Consultative Document last November.

I have considered very carefully the representations which have since been made in response to my original proposals. As a result I propose to make certain detailed changes, including improvements in the transitional arrangements.

In particular, I have considered very carefully the concern which has been expressed to me by many businesses about how they would be affected by the proposed credit restriction: that is, the arrangement under which relief should be restricted to the extent that a business may finance its stocks by trade credit or other borrowings.

I have sought to balance the case in principle for the credit restriction against the fact that the other changes which I am making will in themselves reduce the scope for abuse under the old stock relief scheme.

In the light of the severe difficulties which many businesses are now facing, I have decided not to legislate for the credit restriction. This will be reviewed in the context of other possible changes in the promised Corporation Tax Green Paper.

These changes will increase the cost of the new scheme to the Exchequer. The fall in the rate of inflation would by itself have reduced that cost. But as a result of the changes I now propose, the cost in respect of profits earned in the present calendar year (1981)—tax on which will mostly be paid in 1982-83—will be £450m.

This includes the cost of dropping the credit restriction, of about £75m in the first full year. Only a part year cost—about £180m—will fall in 1981-82.

There will be a continuing revenue cost for some time to come and equally a substantial benefit to industry.

I also propose a limited extension of consortium relief to enable consortium members to pass relief downwards to a consortium company.

Another area of concern to industry has been energy prices.

I recognize the strength of the representations put to me to bring the level of fuel oil duty in this country more closely into line with that of our major European competitors. I have carefully considered the case for doing so.

The direct benefits to industrial costs are obvious. But there are also other consequences, arising particularly from arrangements entered into some years ago for gas purchases.

I understand that the overall effect of these would be to put up the cost of gas purchased by BGC and, with it, the United Kingdom's gas import bill.

We shall keep the position under review. But in present circumstances I have concluded that the wider national interest would be best served by not reducing the duty, but keeping it at its present level.

I am, however, able to announce measures which will assist industry on energy prices.

The National Economic Development Council discussed last Wednesday the report of their task force on energy prices. The report showed that, while prices for the vast majority of industrial customers in this country remain in line with Europe, a limited but important number of large users of electricity and gas pay more for supplies than competitors in Europe.

Conversion of boilers

In these circumstances the electricity supply industry in England and Wales will, in addition to the action it has already taken, introduce new flexibility into its pricing arrangements, providing further scope for large high load factor industrial consumers to reduce their electricity costs.

The British Gas Corporation has already relaxed its industrial pricing policy to help its industrial customers. In addition, the corporation will now hold renewal prices for gas sold under contract to the present renewal levels until December 1, 1981.

Furthermore, the normal quarterly price escalation arrangements for gas provided on a continuous basis will not be applied during this period. The action which is to be taken in this area by the Scottish electricity boards will be announced by the Scottish Office later today.

These moves will give direct benefit to British industry. Accordingly I am increasing the external financing limits for the gas and electricity industries by some £120m in 1981-82. The cost will add to the public expenditure total.

The NEDC Task Force also drew attention to industry's difficulties in the recession of finding the capital to convert equipment from oil to coal use.

To help here we shall commit £50m over the next two years for grants towards the cost incurred in converting from oil fired boilers to coal.

The expenditure will be offset, at least in part, by greater coal sales. Any net cost will be met from the contingency reserve.

The construction industry is particularly hard pressed and it is in any case sensible to remove unnecessary obstacles to development. We have identified three helpful changes to development land tax which will stimulate activity, and so employment, particularly this year and next.

First: under the present law, if industrial development is undertaken by the owner for his own use, tax is deferred until the property is sold or put to other use.

I propose that for two years this relief should be extended to other types of development for the owner's use, including commercial and hotel development. If a development is begun by April 1 1983 there will be no DLT for an owner to pay on any part intended for his own use until the property is sold or otherwise disposed of.

Second: where property is extended there will in future be no charge if the extension does not increase the size of the building by more than one-third. The current limit is one-tenth.

My third proposal will reduce the burden of DLT on builders who acquire land for residential development and will be of particular benefit where land is released by local authorities and others for building homes.

The cost of these measures is put at up to £5m in a full year but the benefit to the economy could be much greater.

As I have said, I am concerned that businesses should continue to invest for the future. Our tax system already provides generous incentives for investment in new machinery. But modern machines will seldom yield their full potential if they are housed in obsolete and inefficient factories.

I therefore propose to increase the initial allowance for expenditure incurred after today on the construction of new industrial buildings, from 50 per cent to 75 per cent. The cost will rise to £25m by 1984-85.

This will benefit not only manufacturing but also employment in the construction industry.

The measures I have just announced will in total be worth about £300m next year. And the tax measures alone will be worth over £400m in 1982-83.

But if we are to build a strong and vigorous economy we must do more to encourage and reward the creation of new enterprises, new wealth and new jobs.

I turn, therefore, to the subject of capital taxation, which bears especially heavily on the owners of small businesses.

In a year in which we can give no income tax relief, I cannot make major changes in capital taxation. I do, however, propose to continue the process of making more sense of the structure of capital taxes.

First, capital transfer tax. One new concept introduced as a feature of this tax was the idea of cumulating gifts made at any time in a person's life. Some allowance was made for the earlier payment of tax on transfers during life than on death, but only at the bottom of the scale.

As a result people are deterred from transferring their property during their lifetime. This is undesirable. Business property, in particular, should be permitted to pass more freely from one generation to another.

I propose, therefore, to recast the lifetime scale. At the bottom the charge on gifts will remain half that on death: at the top it will become two-thirds.

I also propose limiting cumulation to 10 years and extending the capital gains tax roll-over relief to gifts into trust, to avoid a double charge.

I hope that, by encouraging gifts, the Exchequer will benefit as well as the taxpayer. I also propose to increase the annual exemption to £3,000.

Capital transfer tax is also holding back the supply of land for new entrants to the farming industry. Tax is not the only factor, of course. But it is important to maintain a proper balance between owner-occupied and let land, allowing for their different value.

I have in mind the unequal treatment of let land. At present, no relief is normally given on let land. In future relief will be available at 20 per cent. Agricultural land not subject to a lease will continue to receive relief at 50 per cent.

The difference in the rate of relief recognises the lower value that let land commands and the lower tax burden it attracts as a result. The facility to pay CTT by interest free instalments will be extended to let agricultural land and the limit of £250,000 will be removed.

Next, trusts. I am grateful to all who responded to our consultative paper. I propose to tackle some matters this year: but on discretionary trusts draft clauses will be prepared for further discussion and we shall legislate next year.

Meanwhile there will be a final extension of the transitional period to March 31, 1983, or March 31, 1984, where an application has to be made to a court.

Capital gains tax rules

I also propose dealing with certain avoidance devices which centre on the market value rule for capital gains tax purposes, and aligning the capital gains tax rules with the new income tax rules developed following the Vestey case.

The net effect of all these proposals in the capital tax field will be a cost of £5m this coming year but a gain of £15m in a full year—the saving from the anti avoidance measures exceeding the cost of the reliefs I have proposed.

I intend to include one stamp duty provision in the Finance Bill which will help those buying council houses. This will ensure that stamp duty will be payable only on the discounted price that the buyer actually pays and not on some higher figure.

Last year, I introduced a number of measures to help small firms. In addition to the major new initiative to establish enterprise zones, these included a venture capital scheme, improved tax relief for small workshops, and a reduction in the rate of corporation tax for small companies.

All these measures have been widely welcomed. The eleven proposed enterprise zones have stimulated intense interest among investors and the private sector has begun to respond even before the zones are formally established.

Meanwhile provision of private finance for small factory units has grown rapidly. The continuing strong demand for small workshops shows the strength of the small business sector.

But we can and must do even more to help existing small businesses to grow, and to encourage new businesses to start up. This remains an essential key to new jobs.

First, VAT. I propose that, as last year, the registration threshold should be increased in line with prices—on this occasion from £13,500 to £15,000. This change will take effect from midnight, tonight.

Second, I propose to increase from £70,000 to £80,000 the limit up to which the lower 40 per cent rate of corporation tax is payable by small companies.

I also intend to respond to one of the longstanding complaints from small companies, which is the relatively high marginal rate of tax which they have to pay when profits exceed this limit.

The limit at which the full corporation tax rate of 52 per cent becomes payable will be raised from £130,000 to £200,000. This will make for a gentler progression from the small companies' rate to the full corporation tax rate.

The cost of these changes will be £12m in 1981-82 and £21m in a full year.

Third, new businesses depend on ready access to fresh capital. Last year I relaxed the conditions governing tax relief for interest on money borrowed to invest in close companies. That was good for small companies. This year I am relaxing the conditions for industrial co-operatives and partnerships.

Fourth, as the House knows, the Government will shortly introduce new clauses at Committee stage of the Companies Bill, to enable companies to purchase their own shares.

Corresponding changes are needed in the present tax structure to help with a number of problems arising in small and family businesses.

I am, therefore, asking the Inland Revenue to issue a consultative document on this subject this summer, with a view to legislation in next year's Finance Bill.

Fifth, I intend to extend the venture capital scheme introduced last year. This scheme encourages investment in small businesses by allowing capital losses on shares in unquoted trading companies to be set off against income. At present, it is confined to investment by individuals.

I propose to extend the scheme now to investment by companies, some of which may be able to provide funds for expanding small firms.

Sixth, we have looked at ways of encouraging people who are unemployed, particularly those who have just become redundant, to help themselves, and the economy, by setting up in business.

Redundancy payments and other payments made on termination of employment are presently taxable if they exceed £10,000. I am raising this threshold to £25,000 with effect from April 6. In addition the rules for the taxation of these payments will be simplified.

Furthermore, we are looking at the suggestion that the existing social security rules act as a deterrent to initiative. We are considering whether they could be altered, or other arrangements made, so as to encourage people who have been declared redundant, or who have been unemployed for some time, to start their own new small business.

All these measures will be of significant help to small businesses. But I intend to go further. I have two new measures to announce.

First, as the House knows, I have been considering the introduction of a loan guarantee scheme. There are some people who, for one reason or another, have difficulty borrowing money to start or develop a business. They may, for example, not have the necessary collateral.

I am pleased to be able to announce that agreement in principle has been reached with the major clearing banks and the ICFC on the introduction of a pilot loan guarantee scheme.

The scheme will run for three years initially, subject to an overall maximum limit of £50m to be lent in each year. Individual term loans of up to £75,000 will be available for periods of between two and seven years. Government guarantees will be available for 80 per cent of each loan.

The scheme will be administered by the Department of Industry. Further information will be given by the Secretary of State.

The scheme is intended to be self-financing. Lenders will make a full commercial charge for their loans, part as an interest payment to the lender, part as a guarantee premium payment to the Department of Industry.

Receipts from premium payments will be designed to cover the cost of claims made under the guarantee provisions.

Incentive to investors

My second new proposal breaks entirely new ground.

One of the biggest problems faced by people thinking of starting their own business is the difficulty of attracting sufficient risk capital to finance it during its critical early years.

The amounts of additional money needed can be modest—at least as compared with the sums in which the big financial institutions commonly deal. But they can be crucial in individual cases.

The individual private investor has for many years had little encouragement to help fill this gap in the capital market. I propose to change this.

The private investor can often contribute not only risk capital, but also direct personal business experience. The opportunities are certainly there. What is needed is to make it more attractive and more rewarding for private investors to seize them.

I am, therefore, introducing an entirely new tax incentive to attract individual investors to back new enterprises.

It is designed for the outside or minority investor in certain new small trading companies, as distinct from the owner of the business, his close family and associates.

I am calling it the business start-up scheme. Under the scheme an investor will be able to obtain relief against income tax on up to £10,000 invested in any one year.

The relief will be given in addition to the range of tax reliefs already available to the company itself, provided the investment is maintained for at least five years.

The scheme will relate only to genuine new business enterprises of the kind I have in mind. There will be strict rules to ensure that it is not used for investment in financial or passive operations. Nor, of course, for tax avoidance.

I am introducing the new scheme in the first instance for a three year period, beginning with the coming financial year 1981-82.

This business start-up scheme will be unique, not only in this country, but among our main trading competitors. It will be a striking new incentive to channel investment into small businesses.

These measures to encourage enterprise and risk-taking are essential if we are to replace the jobs that are disappearing elsewhere in the economy. There must be a healthy flow of new enterprises. We must be ready to set aside resources now to encourage them.

They are the real future hope for absorbing and re-directing the people and other resources presently squeezed out of employment by the forces of economic adjustment.

As I have said, this is the second budget in which I have included measures to help and encourage small businesses. The measures I have just announced, together with those last year, constitute a formidable array of incentives. (Conservative cheers.)

The tax system is now geared significantly in favour of enterprise, risk taking and investment.

Much has also been done by this Government to ease the problems of small businesses in other ways—for example by relaxing employment and planning rules. All this represents a complete change in the climate within which the small business operates.

It is vital that these enterprise measures be widely known and understood, and that people be encouraged to take advantage of them.

The Government recognizes the need to give a lead in this. We shall therefore, be launching a business opportunities programme to publicise the help, advice and incentives available to small business.

We are also going to improve the advisory service available to small businesses in urban areas in England and to co-ordinate the advisory services provided by the Council for Small Industries in Rural Areas (Cosira) and the big firms service of the Department of Industry.

The opportunities are there. We must now do all we can to see that they are grasped.

This budget has been designed—(Labour laughter)—to sustain the fight against inflation, and to help redress the balance of the economy in favour of business and industry. It is only by giving priority to those objectives that we can strengthen the basis for sustained economic advance. (Labour shouts of "Resign".)

We shall continue to pursue our strategy for the defeat of inflation with determination. That strategy will be fortified by the changes which I am proposing today. They will reinforce the progress that has already been made and for which the nation can take credit.

In the year ahead the burden of income tax and the excise duties has to rise. In order to secure lower interest rates and thus improve the prospects for industry and employment.

The downturn in the present economic cycle has been unusually severe. But it should now be coming close to its end. When recovery does start, the country will be better fitted than for many years to take advantage of the new opportunities. For important lessons have been painfully learned. A greater sense of realism has been restored.

So as we look further ahead, we can reasonably expect lower inflation and, in due course, lower unemployment and a reversal of the upward trend in the burden of taxation.

My present proposals are designed to secure our steady progress in the right direction—and I commend them to the House.

Mr Foot condemns budget that will produce 3m unemployed

Mr Michael Foot, Leader of the Opposition (Ebbw Vale, Lab), said there were some features of the Chancellor's speech and statement which he would cordially welcome. In the case of the closing of the Vestey loophole, the Opposition would examine the detail but the Chancellor was to be congratulated on doing it.

The Opposition welcomed the reduction in the minimum lending rate but would have preferred a larger reduction. It was a pity that the Chancellor did not take the advice to reduce the MLR before the budget. That would have been of benefit to the people who had to pay their mortgages.

On top of the grievous injury the British economy had already suffered, what the Chancellor had proposed was a catastrophe of the first order for the British economy and the British people. The Opposition would do their best to fight it by every means in their power.

The Chancellor apparently still held to the monetarist doctrines he had preached earlier. In some respects that was the most scarifying part of his speech. The Chancellor suggested he was going to pursue the same course. He had said that to change course would be fatal.

I presume (he said) that in saying that he is asserting that they are going to continue upon the same policy of massive deflation—the same policy on which they have been embarked upon ever since they came into power.

Many of the measures the Chancellor had announced, in particular the 20p tax on petrol, would inflict serious injury on the economy and make it more difficult for any process of recovery to be embarked upon. (Labour cheers.)

There had been sharp practice in this budget on a scale that no one had expected.

Regarding the Rooker-Wise-Lawson amendment, he presumed the Financial Secretary to the Treasury (Mr Nigel Lawson) had offered his resignation this morning.

If he has (he added) there is no conceivable reason why it should not be accepted. (Labour cheers).

The figures on this were important for the majority of taxpayers. The Government's failure to carry out the implications of the Rooker-Wise-Lawson amendment meant an extra cost in tax of £99 for a married couple, £63 for a single person and £132 for an elderly married couple.

This was the consequences of the government's failure to carry out its own obligations and its own manifesto on the subject.

The tax thresholds were now lower than when the Conservatives came into office and that despite the fact that at the general election the Conservative Party in a direct promise on the matter said raising the tax thresholds would let the low paid out of the tax net altogether.

This should be regarded as a matter of grave importance for the Commons and for the relationship between the House and the country. He hoped when they came to the committee stage of the Finance Bill those who voted for the Rooker-Wise-Lawson amendment would vote for the principle of it and that there would be restoration to those who would have this extra tax imposed on them. (Labour cheers).

This was a Budget to produce more than three million unemployed. It was a Budget of no hope for the people. "Abandon hope all ye who enter here"—that was the inscription to be written above the monetarists' inferno and in which they still believed.

There was no hope for the million unemployed over the last year or the extra half million who would be joining the queue over the coming year. There was no hope for the vast majority of those who would be coming out of the youth schemes, good as they were, and had to find jobs.

There was no hope for the overwhelming majority of people who were going to have to bear a much heavier burden as a result of this Budget. This was a no-hope Budget introduced by a no-hope Chancellor of the Exchequer and it could only inflict the most serious injury on the country as a whole.

It resulted from a combination of the primitive morals of the monetarists combined with the practical incompetence of this broken-backed Cabinet. (Labour cheers.)

How long was Britain going to have to endure this combination of injury and insult it has received from the Chancellor? How long was this going to continue?

This was a question for the people and the sooner the electorate had a chance to finish them, the better for all concerned. (Loud Labour cheers.)

Mr Jo Grimond (Orkney and Shetland, L) said the Government's policy towards North Sea oil was disastrous. There was a strong case for issuing shares for this oil and for putting up investment.

Putting up petrol by 20p a gallon was going to affect agriculture. Small farmers were complaining bitterly that their costs far outstripped the prices they were getting and agricultural prices were falling.

Mr John Loveridge (Havering Upminster, C) said as chairman of the small businesses committee he welcomed the new loan guarantee scheme, the new investment measures to direct money into small firms, and the improved measures for the relief of capital taxation which had proved such a discouragement to expansion.

The money which would come in from charging banks an excess on profits should not go into the Government's purse but into expansion of output. Small and medium business sectors could be helped to get off the ground even more with the money.

Mr Roy Hughes (Newport, Lab) said there was a crying need for the Government to change course, to get away from the right wing, dogmatic and Friedmanite policies it had pursued for nearly two years. Tremendous damage had been done to the economy.

The Chancellor's principle task in this budget should have been to try to get people back to work. This could only be done by increasing the spending power in the economy to enable people to buy the things they required.

Mr John Maxton (Glasgow, Cathcart, Lab) said it was a class budget aimed at the poorest in society. The Government seemed determined to solve the economic difficulties at the expense of the poor and not at the expense of those who could afford it.

Mr John Stokes (Halesowen and Stourbridge, C) said the United Kingdom had become a difficult nation to govern. Expectations had risen so much since the last war that some people seemed never to be satisfied.

The Government's main failure had been its failure to cut public expenditure. It should have wielded the axe with extreme vigour from its first Budget in June, 1979.

The debate was adjourned until tomorrow.

The British Railways (No 2) Bill was read a second time.

Clarification of comments on Deptford house fire

Mr Michael Foot, Leader of the Opposition, said he had not wished in a speech on Sunday to prejudge the investigation into the death of 13 black people in a south London house fire.

Mr David Alton (Liverpool, Edge Hill, L) had asked if the Prime Minister had considered the seriousness of the implications of Mr Foot's weekend speech about the tragic deaths.

Mrs Margaret Thatcher (Barnet, Finchley, C): It would be totally wrong to jump to any conclusions about a matter still under investigation. (Conservative cheers.)

Fifty police officers are investigating the case and have taken 600 statements. The police are doing everything to discover the cause of the fire and I am sure they will continue.

Mr Foot (Ebbw Vale, Lab): I certainly did not wish in anything I said on Sunday in any sense whatsoever to pre-judge the investigation taking place and I do not believe that most of those who heard what I said could have come to that conclusion.

But if any did, I am happy to apologize because I agree with her that it is of the utmost importance that this investigation should be carried out speedily and fairly, and that was my desire.

Mrs Thatcher: I am grateful to him.

Two Government defeats: shooting ban on Sundays

House of Lords

The Government was defeated when an Opposition amendment to the Wildlife and Countryside Bill designed to ban the shooting of wildfowl in England and Wales on Sundays was carried by 129 votes to 64—a majority of 65.

Lord Melchett, for the Opposition, moving the amendment to Clause 1 (Protection of wild birds, their nests and eggs) during the report stage of the Bill, said that it did not apply to pests or game birds. The objective was to apply the practice in Scotland and a number of countries and areas in England to the whole of Great Britain.

There were over one million birdwatchers and a smaller number of wildfowlers.

There should be equity over the weekend—with wildfowlers having the Saturdays and birdwatchers the Sunday in those areas where both activities took place over the weekend.

The Earl of Swinton (C) said that the amendment would take away the pleasure of sport from a number of people whose only chance was at the weekend. It would take away somebody's form of entertainment.

The Earl of Avon, a Lord in Waiting, said that a total ban in Scotland and a prohibition in certain areas in England and Wales reflected traditional practice and custom. The Government did not see a reason to alter that position.

The Bill retained the power to allow the Secretary of State to prohibit the shooting of quarry species on Sundays in any area.

The Government was also defeated when Lord Chelwood (C) successfully moved an amendment to Schedule 2 (Birds which may be killed or taken) to give protection to the Curlew, Bar-tailed Godwit and Common Redshank.

Under his amendment, which was carried by 83 votes to 32, these birds would be taken off the list of birds which might be killed or taken outside the close season.

Lord Melchett, for the Opposition, said Britain had an international responsibility towards these species because they were migratory.

The Earl of Avon said that the advisory committee had found there was no reason on conservation grounds for taking the birds off the list of birds which might be killed outside the close season.

Parliamentary notices

House of Commons

Today at 2.30: Continuation of debate on the budget.

House of Lords

Today at 2.30: Debate on making British industry more competitive.

Squeeze on local government continues

By Christopher Warman
Local Government Correspondent

Local government, which has been asked to bear a heavy burden in making reductions in spending, will receive no let up in the next two years. There is a glimmer of hope, however, that by 1983-84 the squeeze on its expenditure will be slightly relaxed.

In 1981-82, the reduction in current expenditure is planned to fall by some 3 per cent from the level planned for 1980-81. That is in line with government decisions taken last November, when the Chancellor asked for a further 1 per cent reduction in addition to the 2 per cent envisaged in the public expenditure white paper last March.

That figure tallies with the more recent request from Mr Michael Heseltine, Secretary of State for the Environment, for a reduction of 5.6 per cent compared with spending in 1978-79.

The previous white paper asked for reductions of another 1 per cent in 1982-83 and a further 1 per cent in 1983-84.

Yesterday's announcement makes a slight change, leaving the 1982-83 figure at 1 per cent but making the figure for 1983-84 ½-1 per cent.

Local government leaders looked at the last figure as a possible sign of a relaxation, but it does not represent significant change.

Councils' capital spending was previously planned to be reduced by 6 per cent in 1982-83 and 3 per cent in 1983-84. That is amended to a reduction of 3 per cent in 1982-83 and 4 per cent in 1983-84, a noticeable relaxation which was welcomed by local authorities, although they felt it was still too high.

Local government spending accounts for nearly a quarter of public expenditure. In 1981-82, it will account for £19,200m, compared with £58,655 for central government spending, of a total of £79,225m.

In the individual programmes for local authorities, all show a reduction except the law, order and protective services, which have a small increase in both current and capital expenditure.

The water industry also shows a reduction in capital expenditure by the nine regional water authorities in England. The white paper says that demand for piped water supply is expected to increase at the rate of about 1.5 per cent a year over the next five years, and the demand for sewerage and sewage treatment services is expected to rise broadly in line with the demand for water. Over the next five years a rising proportion of total investment is planned for waste water disposal and the repair and renewal of underground services.

For 1981-82 the capital expenditure for the water services is estimated at £485m, plus £22m for the British Waterways Board. For the two years after that, the combined total is £500m, a slight reduction.

Moves on procedural frustrations

European Parliament
Strasbourg

The Parliament will vote at its next session on more than 600 amendments, most of which have been tabled by one member, to the proposed new rules of procedure governing the Parliament's proceedings.

Sgr Marco Pannella (Italy, TCDG), a radical, tabled most of the amendments in order to prevent a precipitate decision on the motion which he thought should be studied by all members at leisure. Some had only received a copy of the proposed changes yesterday (Monday).

Among the proposed changes are the introduction of a proposal for placing written motions on a register to attract the support of other MEPs, on the lines of Westminster's "early day motions".

Another important change takes account of the ruling of the European Court last year annulling regulations on sugar substitute because the Council of Ministers had not waited for an opinion from the Parliament on those regulations.

This would mean that when the EEC Commission puts a proposal before Parliament and it does not gain majority support, the President of the Parliament shall ask the Commission to withdraw the proposal.

If the Commission does not do so, then Parliament will not vote on the motion covering the proposal and that will be deemed to be not expressing an opinion, so that the regulation could not be enacted.

Subjects of importance and interest to the electors became shunted to unsuitable times and there was general discontent and frustration because of the proliferation of business in the Parliament, Herr Rudolf Luster (Germany, EPP) said when moving acceptance of the general revision of the Parliament's rules of procedure, drawn up by the Committee on Rules of Procedure and Petitions.

Mr Ben Patterson (West Kent, ED) said he regretted that an ED group amendment to use the rules to fix the Parliament's seat had not been accepted. Until they had a fixed seat many problems could not be solved.

Mr Allan Rogers (South-East Wales, Soc), one of the Vice-Presidents of the Parliament, said that he was not happy with the proposed changes but would vote for them because the present set of rules was bad. That was not the fault of present members because the rules had been made for a parliament half the present size, and nominated.

Sgr Pannella said that his group could not approve of the rules because they were merely new old rules. Every day the President would be organizing not the order of the day but the disorder of the day.

The debate concluded. The vote will take place at the next session.

The President announced that the next special session would meet in Strasbourg on March 23-26 and would have the following agenda: Monday—debate on farm prices; Tuesday—vote on Luster report amendments; Wednesday—farm prices; Thursday—votes on Luster Report and on farm prices.

OVERSEAS

Mr Yassir Arafat has private talks with British Ambassador

From Robert Fisk
Beirut, March 10

Despite the apparent *American distaste for such contacts*, Britain is maintaining its diplomatic relationship with Mr Yassir Arafat, the chairman of the Palestine Liberation Organization (PLO). Just three months after the British Deputy Under-Secretary at the Foreign Office met Mr Arafat in Beirut, Mr Benjamin Strachan, the British Ambassador in Lebanon, last night spent 20 minutes talking to the PLO leader at a private house in the city.

Mr Strachan, who is leaving his ambassadorial post on Thursday, had been invited to a private farewell party given for him by Mr Chafic Hout, the head of the PLO Beirut office. Not long after his arrival, however, Mr Arafat—clad in his customary *kuffiah* headdress and battle tunic—suddenly turned up to shake Mr Strachan by the hand.

Officially—but not very credibly—British officials here describe the meeting between the two men as a "chance encounter". Mr Hout is understood to have arranged for Mr Arafat's appearance and the British were not unaware that they were likely to encounter the PLO chairman. Mr Arafat who sat next to Mr Strachan during the party, urged the Ambassador to encourage the British Government "to recognize the right of the Palestinians to an independent state".

Mr Arafat, of course, is fully cognizant of British policy towards the Palestinians and his conversation with Mr Strachan should be seen in the context of Britain's forthcoming presidency of the EEC Council of Ministers. It is widely expected that Lord Carrington, the Foreign Secretary, will himself meet Mr Arafat, once he assumes the presidency in June and both British diplomats and the PLO seem anxious just now to maintain their good relations.

Mr Hout arranged an earlier meeting between Mr Strachan and Mr Arafat last year, an encounter that was meant to be secret but which became embarrassingly public in Beirut when the Arabic language magazine *Al Mustaqbal* carried an alleged account of the conversation. The publication said that Mr Strachan asked, jokingly, whether Mr Arafat would accept him as Ambassador to the first Palestinian state. According to the magazine, the PLO leader said that he would be welcome to take up the post of British Ambassador in Palestine.

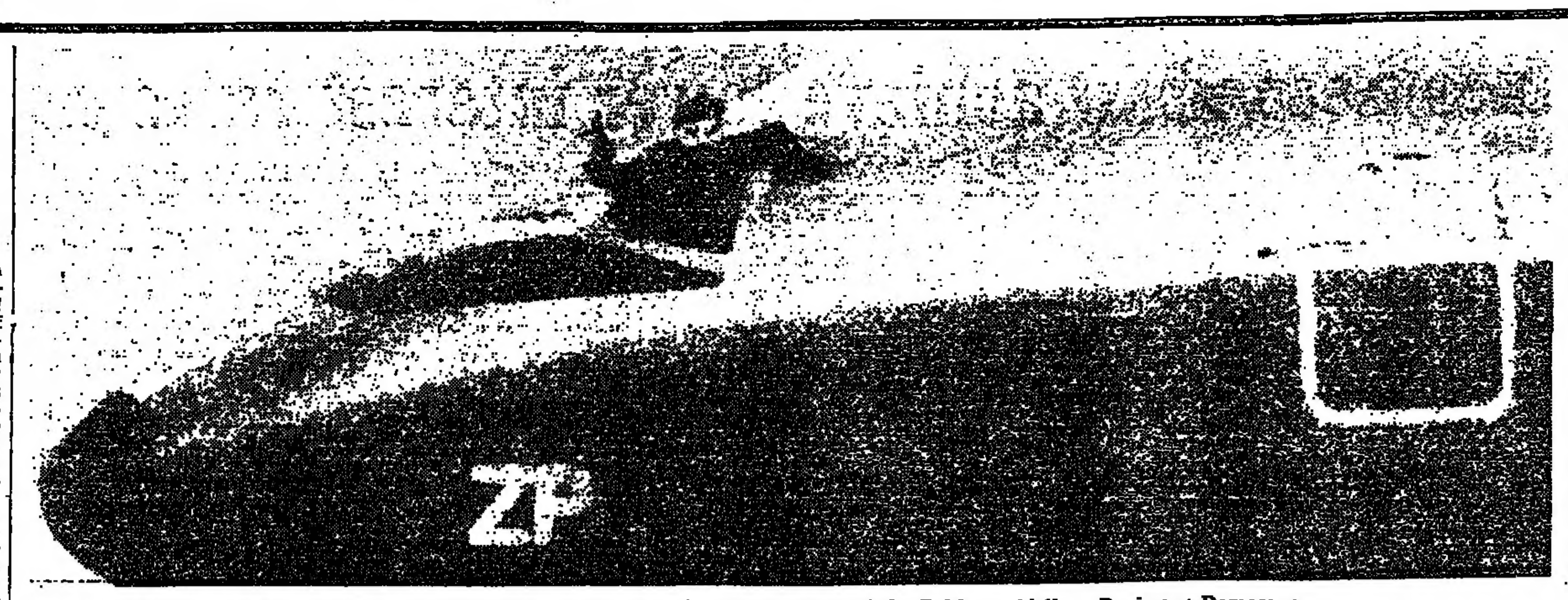
The American Embassy in Beirut never makes any comment—either officially or unofficially—about British contacts with the PLO although successive United States administrations have used the British to send messages to Mr Arafat's organization. During the Lebanese civil war, it was the British Embassy which arranged the American evacuation of its citizens with the PLO in Beirut.

Besides, the American Embassy in Beirut had problems of its own today. Shortly after nine o'clock this morning, a sniper near the Beirut port opened fire on a convoy carrying Mr John Gunther Dean, the United States Ambassador to Lebanon, hitting the tyre of an American escort car. Mr Dean makes the daily journey across the port area—the front line between Christian militiamen and Syrian-Palestinian forces in the city—on his way from his east Beirut home to the American Embassy which is in the west of the city.

No one was hurt in the gunfire and it is possible that the American car was hit by a stray bullet fired by gunmen in the latest outbreak of street fighting in the old commercial heart of Beirut.

"Valued contact": Successive British government officials have been meeting the PLO at the non-ministerial level throughout its history (our Diplomatic Staff write). Mr Chafic Hout has, in fact, been described as "an old and valued contact" of the British Embassy in Beirut, who has been particularly helpful in matters of security.

As the Embassy is situated in the PLO section of the city, such help is invaluable.



One of the hijackers giving a defiant salute with his machine gun from the cockpit of the Pakistan Airlines Boeing at Damascus.

Bomb threat by hijackers still leaves Syrians optimistic

From Our Own Correspondent
Beirut, March 10

Syrian officials appeared optimistic tonight that the hijack of the Pakistan Airlines aircraft with 100 passengers on board would end peacefully within the next 12 hours.

The three gunmen holding the plane on the runway at Damascus international airport today threatened to blow it up at 10 am GMT tomorrow but reduced their demands, saying they now insisted on the release of only 45 prisoners from jail in Pakistan rather than their original figure of 92.

In Rawalpindi, Major General *Rahim Khan*, the secretary general of the Pakistan Defence Ministry, said that his Government was also prepared to arrange a "simultaneous release" of prisoners. He suggested that the authorities in Pakistan would free 17 of the prisoners whose release the hijackers had originally asked for. In Damascus, Brigadier-General Muhammad Kholi, Syria's senior negotiator with the hijackers, said that he hoped the hijack would "soon be over".

Throughout the day, the Boeing 720B airliner remained parked on an auxiliary runway about 500 yards from the control tower. Syrian troops who moved into the airport last night were withdrawn to the perimeter this morning and only an occasional airport vehicle approached the air craft. A fire tender stood about 100 yards away and two white Range Rovers—each containing Syrian security police—were positioned some distance in front of the Boeing.

During the day a Pakistan Airlines DC10 jet landed at Damascus and the hijackers, fearing that the newly arrived aircraft contained Pakistani commandos, insisted that it take off immediately. In fact, it had only been diverted to Damascus.

This evening, the Syrians said that the Pakistanis were now prepared to release 22 prisoners—an increase of seven on the original offer from Rawalpindi—but there was no confirmation of this from Pakistan.

Prisoners listed: Government officials said today in Karachi that lists have been prepared of prisoners who might be freed in exchange for the hostages. They said that they were now waiting for word from the capital (Reuter reports from Karachi).

But well-informed sources said an undisclosed number of prisoners was likely to be flown to Damascus tomorrow.

The fathers of two of the hijackers are on the lists of those who may be released, the officials said. According to the sources, some prisoners on the hijackers' list had refused to be flown to either Afghanistan or Syria.

Hot line: General Rahim said in Islamabad that the Government would not release people held for serious crimes and added that the hijackers' list contained few political prisoners (Our Islamabad Correspondent writes).

Pakistan has established a hot line with Syrian authorities dealing with the hijacking and ordered the Pakistan ambassador in Jordan to Damascus to be available for urgent consultations. Pakistan's ambassador in Damascus, who has been holidaying in Pakistan, has been asked to return to assist in negotiations with the hijackers who have held the airliner since March 2.

It is believed that the hijackers have named two Pakistan Government officials who are on board as their next victims. The hijackers shot dead a Pakistani diplomat last Friday.

Mr Reagan heckled in Ottawa debut

From John Best
Ottawa, March 10

President Reagan ... greeted by noisy demonstrat... when he arrived here today talks with Mr Pierre Trude... the Canadian Prime Minister

The demonstrators repeate... heckled the President as ... responded to Mr Trudea... welcoming address before ... crowd of several thousand ... front of the main parliam... building.

Later, a much bigger dem... stration involving a large p... of the crowd that had gather... for the welcoming ceremo... erupted when Mr Reag... emerged from a 45 minute me... ing with Mr Trudeau. The St... and Stripes was burnt.

After the President drove ... for a lunch given by Mr T... dea, a rally took place on P... liament Hill, where Americ... policy towards El Salvador ... condemned by a succession ... speakers including Mr ... Broadbent, leader of the N... Democratic Party.

Mr Reagan, making his f... visit outside the United Sta... since his inauguration, was ... flustered by the earlier he... ling, chiefly the work of en... ronmentalists worried ab... trans-boundary pollution.

However, Mr Trude... obviously embarrassed by ... performance, returned to ... microphone when the form... ties were over and appealed ... the banner-waving demons... tors to cool it.

"Aw come on, fellows. T... Americans have some b... against us, too. How about ... great cheer for Presid... Reagan?" he asked. Seve... hundred schoolchildren ... responded with a roar.

Several dozen demonstrat... chanted: "No more acid rai... and "acid rain go home" wh... reflected widespread concern ... Canada that Mr Reag... Administration will relax a... pollution standards in ... United States thus degrad... the environment both there ... in Canada. Acid rain is ... pollution caused by coal fi... and certain industrial proces... Much of the fallout on Can... comes from the United Stat...

Ironically, Mr Reagan ... ferred to protection of ... common American and Canad... environment as one of ... matters he wished to disc... with Mr Trudeau. He also m... tioned bilateral trade, ... "safeguarding our freedom". Other issues the two lead... were expected to cover incl... fisheries, and the free tr... agreement between the ... countries in cars and car pa... Canada has been running a hu... deficit on the car trade, a... would like to renegotiate pa... of the agreement, but ... Americans have refused.

Israeli troops force Arab shopkeepers to reopen

From Christopher Walker
Jerusalem, March 10

Squads of heavily armed Israeli soldiers today forced Palestinian shopkeepers in a number of West Bank towns to open for business in order to break a general shutdown in support of 7,200 striking Arab school teachers.

The state-employed teachers have been on strike since January in a pay dispute, which has acquired political overtones and seriously heightened tension.

Although Israel's military action ensured that today's protest was not totally successful, all shops in annexed East Jerusalem remained firmly shuttered and many of the elected municipalities in the West Bank were closed.

Today's protest was the first test of strength for the local Palestinian leadership since the return of Mr Bassam Shakah and Mr Karim Khalef, the militant Palestinian mayors, maimed by car bombs last June. Tonight Mr Shakah issued a statement from Nablus urging all West Bank residents to "make the teachers' talks succeed".

Originally organized in support of a 100 per cent wage claim, the teachers' action is depriving 200,000 Arab pupils of their education. It is being continued in open defiance of a military ban issued by the commander of the region, Brigadier-General Ben-Eliezer.

Many of the Arab teachers deny that the strike is political, arguing that they are paid on average £50 a month less than their Israeli counterparts.

Dayan-Sadat talks: Mr Moshe Dayan, the former Israeli Foreign Minister, had talks tonight with President Anwar Sadat of Ekypt at Mr Sadat's rest house by the Nile delta barrage.—Reuter.

Zipra guerrillas pull out of big camp near Bulawayo

From Stephen Taylor
Salisbury, March 10

A large armed contingent of former Zipra guerrillas abandoned last night their camp at Gwaai river, north of Bulawayo, after a series of heavy bursts of automatic fire, reliable sources reported here tonight.

The cause of the shooting at the camp, which has been a cause of concern to security officials since the factional clashes that swept Bulawayo last month, was not known, but government forces and former Zanla guerrillas are not thought to have been involved.

The Government confirmed that there had been "an exodus" from the camp and said the former guerrillas may have been responsible for setting up roadblocks between Wankie and Lupane. Some vehicles had been delayed but there had been no harassment of motorists.

The Gwaai river camp is one of the main concentrations of former Zipra guerrillas, who bitterly oppose the Government's declared intention to disarm all guerrillas who have not yet been integrated into the national Army. About 4,000 men and a quantity of heavy armaments are believed to have been based at the camp.

When factional fighting broke out in Army battalions last month between Zanla and Zipra soldiers and spread to Bulawayo, an armoured column set out from Gwaai, apparently bound for Bulawayo. The colmn turned back, but a number of men left it and took to the bush.

There has been speculation in the past few days that attempts were about to be made to disarm the camp, but a Zipra spokesman has made it clear such a move would be opposed.

The Zipra rank and file see attempts to disarm them as a move against Mr Joshua Nkomo, their leader and the head of the Patriotic Front party, because it would give an unacceptable degree of power to Zanla, the military wing of Mr Robert Mugabe's Zanu party. They distrust assurances by government spokesmen that the measures apply to all former guerrillas.

Minister resigns: Mr David Smith, Zimbabwe's Minister of Trade and Commerce and the only man to hold Cabinet rank in the successive Smith, Muzorewa and Mugabe governments, has asked to retire on medical advice, it was disclosed today.

Mr Mugabe, the Prime Minister, said he had agreed with regret that Mr Smith, aged 59, should retire at the end of April, until when he will be on leave.

Mr Smith was Minister of Agriculture and of Finance in the Rhodesian Front Government, and in 1979 he was appointed Minister of Finance in the transitional Administration of Bishop Abel Muzorewa. Mr Mugabe asked him to join the Cabinet of his post-independence Government last year.

U S weapons for Afghans not ruled out

From David Cross
Washington, March 10

President Reagan has said he would consider sending arms to the guerrillas opposing Soviet troops in Afghanistan but he made it clear that no final decision to assist them had yet been taken.

In a television interview broadcast here last night, the President said that any request for American weapons by the guerrillas in Afghanistan would "very definitely" be considered by the United States.

Asked how he thought Moscow would respond to such a move he said that he did not think "they could really have an objection to that". He conceded, however, that he was answering the question "without having looked at all the ramifications".

During the interview, Mr Reagan chided his questioner for describing the guerrillas as "Afghan rebels". Regretting that the Russians "had been successful in their propaganda with getting us to use terms that semantically are incorrect", the President said that the guerrillas should be called "freedom fighters".

He added: "Those are people fighting for their own country and not wanting to become a satellite state of the Soviet Union."

The news that Mr Reagan might look kindly on military assistance for the guerrillas in Afghanistan did not come as a complete surprise in Washington.

During a television interview last Sunday, Mr Caspar Weinberger, the Defence Secretary, said in response to a similar question that "anything that would discourage the Soviets from further adventurism would be a very useful thing to try to do". But he said that he knew of no decision to send arms to the guerrillas.

Gangsters shot dead

Nairobi, March 10.—Police shot dead four gangsters who sole the equivalent of £3,410 from a suburban Nairobi supermarket yesterday and made off in the car of a businessman murdered in the city centre on the previous day.

Air crash kills 18

Moroni, Comoro Islands, March 10.—All 18 crew of a French Air Force Breguet Atlantique aircraft on a marine research mission died when it crashed near Moroni, the capital of Comoro Islands.

More power cuts

Colombo, March 10.—Sri Lanka's Electricity Board is cutting power supplies throughout the country for 90 minutes every morning in addition to long cuts already imposed every evening. A worsening drought affects hydro-electric reservoirs.

Fisheries issue may be left to Maastricht summit

From Michael Hornsby
Brussels, March 10

EEC Agriculture Ministers looked as far away as ever tonight from a solution to the dispute over the future of the Community's fisheries policy after meeting since early this morning. There was growing speculation here that the issue might have to be dealt with by the EEC heads of state and government at their summit in Maastricht on March 23 and 24.

Unless the deadlock between Britain and France over access to British coastal waters can be broken, the dispute threatens to complicate this year's negotiations on farm prices.

The meeting began with a firm rejection by Mr Alick Buchanan-Smith, Minister of State for Agriculture, of the latest proposals by the European Commission, regarded in London as biased in favour of the French.

The proposals were drawn up by the Commission last week under the chairmanship of M François-Xavier Ortoli, the senior French Commissioner, who was sitting in for Mr Gaston Thorn, away on holiday.

The only glimmer of light as the ministerial discussion dragged on was the disclosure that Mr Gerrit Braks, the Dutch minister chairing the meeting, and the Commission would come forward with compromise proposals.

As they stand, the Commission's proposals would do little more than extend for another 10 years Britain's right, granted at the time of EEC entry, to reserve the bulk fishing within 12 miles of its coast for its own fishermen. There would be no guarantee of protection after that period.

Other member states, in particular France, would be able to maintain their present level of fishing even within this 12-mile zone.

Poles queue 19 days for cars none could buy

Warsaw, March 10. — More than 1,000 Poles with the time *and the money lined up for 19* days at the gates of a car factory before being told no cars were for sale, the *Kurier Polski* reported yesterday.

It happened at Tychy, an industrial town in southern Poland, where the little Italian Fiat 126 is manufactured for holders of special savings accounts who pay in instalments.

Despite the price of about 180,000 zlotys (about £2,720) or 30 times the average monthly wage, the queue formed after a rumour that a number of the cars would be available for "express" sale — without the savings book requirement but with a 30 per cent mark-up.

In keeping with the current social unrest, people in the queue quickly began to organize, setting up a waiting list, assigning duty periods, and electing a chairman.

When the factory manager announced there was no sale, a "negotiating committee" got an agreement that, if the cars ever became available, priority would go to names at the head of the waiting list. — Agence France-Presse.

Hopes rising for Lagos arms deal

British hopes of concluding a series of arms deals with Nigeria, forecast in *The Times* last month, are rising. Reports that the "package" would be agreed during the state visit of President Shehu Shagari to London next week, however, were discounted last night (Our Defence Correspondent writes). Carrington, visited Lagos.

Premier sees Mr Walesa after big Lodz strike

Warsaw, March 10.—Mr Lech Walesa, the leader of Solidarity, the free trade union, held his first meeting with General Wojciech Jaruzelski, the Prime Minister, tonight as tension mounted after a one-hour strike by more than 300,000 workers in Lodz, Poland's second city.

The Lodz strike, which dealt a blow to a four-week-old truce between the Government and Solidarity, went ahead today despite an appeal from Solidarity leaders for restraint.

Talks between the Lodz union branch and city officials continued all day without resolving the dispute, over the rights of union members in a police hospital. Solidarity officials in Lodz denied a Warsaw newspaper report that Mr Walesa had disowned the strike action.

Mr Walesa was due to hold wide-ranging talks with the Government on a seven-point resolution drafted by his union executive last Sunday.

"There are more than seven points to discuss", he told reporters before entering the Council of Ministers building in Warsaw.

Solidarity's national leaders issued their appeal in Warsaw last night after Mr Walesa had resumed high-level contacts with the Government and after the authorities met the main demand of the Lodz protesters—the reinstatement of five workers sacked from a police hospital.

A new problem arose w... the Lodz police refused to s... a declaration which wo... allow the five, including f... Solidarity activists, to resu... their union functions in ... hospital.

Solidarity officials confer... after today's token stoppage ... the hope of resolving the ... pute before the deadline fo... planned expansion of the str... on Thursday. The Lodz S... darity branch has appro... plans to bring the regio... entire textile industry and tra... port services to a halt in p... gressive stages.

Today's stoppage was ... first big industrial strike ... Poland since General Jaruzel... was sworn in as Prime Minis... four weeks ago. He appea... then for a 90-day period with... strikes.

Factory sirens signalled ... start of the one-hour fact... shutdown in Lodz. Trams a... buses pulled up as all ... union's 300,000 regional me... bers stopped work.

The red and white Pol... national flags fluttered fr... factory and office windows.

The talks in Lodz tod... centred on the principle ... whether independent uni... activity was permissible in wh... is in effect police territory.

The local police said la... night that they had no pow... to issue a declaration perm... ting independent union activi... and said the case would ha... to be considered at a high... level in Warsaw.—Reuter.

Despite scandals President Shagari proves the sceptics wrong

Nigerian Government passes survival test

President Shagari of Nigeria is expected in London for a state visit a week today. This is the first of five articles in which Karan Thapar examines aspects of Nigeria.

This month president Alhajji Shehu Shagari of Nigeria entered the eighteenth month of his presidency.

His Government has survived, though not always unscathed, an oil scandal and a corruption imbroglio involving payments of more than £1m resulting in a Cabinet resignation, reversals of political decisions by the courts and threats of the collapse of the parliamentary coalition that gives him a majority to pass legislation.

Yet three years ago, when General Olusegun Obasanjo told an African heads of state summit that by the time of their next meeting he would no longer be Nigeria's military dictator, that the Army would have returned to barracks and that a democratically elected leader would be sitting in their midst, most of them must have smiled sceptically. General Gowon of Nigeria had once made the same pledge and then reneged on it.

The inauguration of the second Nigerian republic, on October 1, 1979, was, therefore, an almost unique event in modern Africa. For the previous two years a special constituent assembly had sat in Lagos to devise a fresh constitution.

It was looking for a document that would not just ensure democracy and human rights, but at the same time incorporate the characteristics of Nigeria's tribal divisions, and draw wisdom from the sad experience of the collapse of the first republic in 1966 and the bitter civil war which followed the short-lived secession of the eastern region as the Republic of Biafra.

The constitution had to create Nigerian unity, enshrine the principle of democracy, legitimize all the banned freedoms and yet forever extinguish tribalism and regionalism.

However, the real test for Nigeria's new civilian rulers was that of survival. And after that they had to be seen to be functioning democratically. On both counts, despite scandals and numerous excesses, the Administration has passed. But at times only just.

The most important single criterion by which this second republic can be judged to date is the Revenue Allocation Bill presented by the President to the National Assembly last November but passed into law only in February. The history of the Bill has shown how the absence of consensus can corrode the carefully devised political framework revealing the petty squabbles and local jealousies that have always been there.

The President's Bill, giving 55 per cent of total revenue to the federal government, 34.5 per cent to the 19 state governments and 8 per cent to over 300 local governments, was severely amended when it was passed by the House of Representatives and the Senate.

The House slashed the federal share, while enhancing that of the states. The Senate did the exact reverse. A special joint sitting of the National Assembly resolved the differences by accepting the Senate amendments outright.

Governors from parties other than the President's National Party condemned the decision, the press accused the Senate of pandering to the powers of the President, and as President Shagari signed the Bill into law two opposition legislators—sought to block it in the courts. Verdicts are still awaited.

Violent scenes at the special joint sitting brought police with special riot control equipment who in at least one instance horsewhipped legislators.

Above all else, the procedure adopted for final passage of the Bill was riddled with constitutional inconsistencies and irregularities.

The whole affair has illuminated starkly the splits between the centre and the states, between the Government and the Opposition, between the executive and the legislature, and within the five political parties as opportunitism and expediency take their toll.

Whilst political losers in accusing the Government of corruption gave false names, dates and figures in evidence, the Government for its part insinu*ates treason against its opponents*. In the absence of perspective, cohesion gives way to chaos and political debate to preposterous drama.

Next: Tribalism

Aborigines form 30% of Australian jail inmates

From Douglas Alton
Melbourne, March 10

Australian Aborigines appeared to have the highest rate of imprisonment in the world, Mr William Clifford, the director of the Australian Institute of Criminology, said yesterday.

He estimated that between 500 and 1,000 Aborigines per 100,000 were in jail while the imprisonment rate in Australia generally was 67 per 100,000. They represented 1 per cent of the population, but 30 per cent of the prison population.

He explained that the prison figures were not precise because of varying definitions of the Aboriginal population. For the figures to be truly comparative they needed to be compared with those for minorities in other countries, which were not freely available.

Mr Clifford believes that the high rate of Aboriginal imprisonment is largely for alcohol-related offences and perhaps for defaulting on payment of fines. He offered four possible explanations for the higher incidence of impriso... ment.

They were: Aboriginal peop... were more criminal in natur... the system was biased again... them; they had social pro... lems which brought them mo... into conflict with the law; the customs and white law we... in conflict.

Mr Clifford said th... Aborigines did not have a... institutional form of drinki... as did white Australian societ... This meant that they ofte... drank alcohol in the street... making them more likely t... attract police attention.

He suggested that researc... was needed to identify th... problems causing the highe... rate of Aboriginal impriso... ment. "It is difficult to obtai... precision because few studie... have been made of Aborigina... crime, and statistics are diff... cult to obtain without origina... research."

The Australian Institute o... Criminology is setting up ... centre to collect information o... crime among Aborigines an... the way it is being dealt with...

Genscher role in Washington's changing attitude to Soviet overture

From Our Own Correspondent
Washington, Barch 10

During two days of talks in Washington with President Reagan and his top foreign and defence policy advisers, Herr Hans-Dietrich Genscher, the West German Foreign Minister, appears to have persuaded the new Administration of the need to respond more positively to Soviet peace overtures.

After meetings with Mr RAlexander Haig, the Secretary of State, and Mr Reagan yesterday, Herr Genscher said he welcomed "the fact that the American Government expressed general willingness and readiness to negotiate in all fields and at all levels".

At a joint press conference at the White House, Mr Haig cited such potential negotiations as the strategic arms limitation talks (Salt), the reduction of nuclear-armed missiles in talks Europe and other East-West talks in general.

Before coming here for consultations with the new Administration, the West Germans had expressed great concern about the tough and apparently uncompromising stance adopted by Mr Reagan and Mr Haig towards the Soviet Union. But he leaves the American capital somewhat reassured by the Administration's promises of a renewed dialogue with Moscow.

During his talks with Mr Haig, as well as with Mr Caspar Weinberger, the Defence Secretary, Herr Genscher went to considerable lengths to reassure Washington that his Government intended to honour its military commitments to the Nato alliance. He explained that West Germany's economic problems would result in a stretching out of medium and long-range defence programmes and not a sudden curtailment.

On El Salvador, the West Germans and the Americans appear not to have resolved their differences on approach to the civil war there.

After their talks, Mr Haig said that the "air between (Washington and Bonn) is narrow and the convergence is overwhelming on almost every strategic issue you care to mention". Unless negotiations between Washington and Moscow get under way soon, it seems unlikely that this euphoric assessment will withstand the test of time.

British response: Mrs Thatcher told the House of Commons yesterday that she had told Mr Victor Popov, the Soviet Ambassador, during his call on her that Britain was anxious and willing to consider reductions in the total level of armaments and to strike a balance at a lower level (Our Parliamentary Correspondent writes).

Making her first public pronouncement on the ambassador's visit and his delivery of a letter from President Brezhnev, the Prime Minister told MPs that she had made clear that the West would have to make absolutely certain that the reductions in armaments would be properly monitored and verified.

Bonn berated: In a further sig nof exasperation with the West German Government, *Pravda* today accused Bonn of capitulating to pressure from Washington in its response to Mr Breshnev's call for a freeze on the deployment of medium-range nuclear missiles in Europe (Michael Binyon writes from Moscow).

The party newspaper said Mr Brezhnev's proposal for a simultaneous moratorium on the deployment of Soviet SS20 missiles and of the Pershing 2 and cruise missiles that Nato plans to place in western Europe had won broad support in the West. As a result, *Pravda* maintained, West Germany found it much more difficult to blame the Soviet Union for the arms race.

However, the ruling Social Democrats had joined with the conservative opposition parties in declaring the Soviet proposals unacceptable. This showed that Bonn was now giving in to Washington's call for the deployment of the American missiles.

West Germany plays a key role in their deployment, and the Nato plans have alarmed the Russians more than any other western move over the past three years. After an incessant propaganda barrage against the missiles, Moscow was beginning to detect signs of opposition to the Nato plans from the West German public, and President Brezhnev clearly hoped to build on this when making his proposals at the party congress.

هكذا من الأصل

President Bani-Sadr accused of part in American-inspired plot against Iranian Government

From Tony Allaway
Tehran, March 10

President Bani-Sadr of Iran was today accused of playing a part in attempts to "overthrow" the Iranian Government.

Amid continuing threats to put the President on trial as a result of violence at a political rally last Thursday, Mr Behzad Nabavi, the Government spokesman, also hinted that he considered the President guilty of "treason".

He told a press conference: "The Government will decisively resist disruption, disorder and any attempt to overthrow it."

Mr Nabavi's fighting talk was taken as a possible sign that, rather than a by now customary face-off between the President and his powerful fundamentalist opponents the latest controversy may be heading for a more decisive outcome.

Scores of injuries and arrests were reported at Thursday's rally when the large crowd that had come to Tehran University to listen to a speech by the President attacked a group of religious fundamentalists who were trying to disrupt the meeting. Many of those at the rally were members of the leftist Islamic Mujahedin Khalo organization, which Mr Nabavi accused today of using the President to "destroy the revolution".

He said the Mujahedin Khalq *were working through the* President in the first phase of their "American and counter-revolutionary plots". But in the second phase they would replace him too.

"We realize that measures are afoot to weaken and overthrow the Government and the President himself has shared in them," he added. "We see these measures as aimed ... at weakening the whole revolution."

The Government had evidence that those listening to the President were "non-religious, counter-revolutionary people" ranging from monarchists and nationalists *to extreme leftists.*

"They beat up those with the slightest trace of Islam. They aim to create disorder in society and also to divert attention from the war fronts. . . . The Government has decided to resist these measures decisively."

Last night Ayatollah Moussavi Ardebili, the posecutor-general, gave a warning in a television interview that the President might have to appear before the Supreme Court to answer charges against him.

"We have to prove *beyond* any doubt that justice is dispensed impartially. Not even the President, Majlis (parliamentary) deputies or any other person in a position of responsibility is beyond the pale of the law", the Ayatollah said.

In a leading article in the newspaper *Islamic Revolution* yesterday the President said that he would continue to stand up to the pressure against him and urged people to continue to fight for their rights.

In Parliament today, 13 deputies *supporting the President* stormed out as a debate opened on an emergency draft which they claim removes the President's power of veto over ministerial appointments.

The walkout left the Chamber without a quorum and the debate was halted. Mr Hojatoleslam Hashemi Rafsanjani, the Speaker, ordered all leave of absence to be cancelled for tomorrow's session and said that offenders would be reprimanded.

The Government is without four ministers, in three cases because the President has refused to endors the Government's nominees. Today, however, it was announced that he had agreed to appointments for the ministries of Commerce and of Economics and Finance, although he was still holding out on the choice of a Foreign Minister.

Judges' protest: Islamic judges throughout Iran yesterday accused President Bani-Sadr of "creating disunity, chaos and clashes". (UPI reports from Ankara quoting Tehran radio).

In an open letter to Ayatollah Khomeini, the 130 judges blamed Mr Bani-Sadr for voilence at the Tehran University rally, as well as provoking confrontation at a religious ceremoney ofSeptember 8 last year.

The letter reflected the Muslim fundamentalists' tactics of exerting pressure on Ayatollah Khomeini to take sides in the dispute between the moderate President and the ruling fundamentailsts of the Islamic Republican Party, who control all posts except the presidency.

Shaikh Sadegh Khalkhali, one of the Islamic judges, on Sunday called Mr Bani-Sadr "a traitor" and asked for his trial on a charge of violating the Islamic constitution.

Pelts of freshly-killed seal pups are unloaded on to the ice at Cavendish Beach, Prince Edward Island.

Clumsy killing stops Canadian cull of seal pups

Charlottetown, Prince Edward Island, March 10. — The annual seal hunt in the Gulf of St Lawrence lasted only a few hours for land-based hunters before it was closed because of bad ice and wasteful killing by inexperienced hunters.

Mr Bill Murphy, a *spokesman* for Canada's Federal Fisheries Department, said killing by land-based hunters in small boats was stopped last night because of what he called the sloppy and wasteful harvesting of harp seal pups, along the shore of Prince Edward Island.

Drifting ice had brought a large herd within yards of the north shore over the weekend, and a full-scale hunt began yesterday morning.

Hundreds of spectators along the shore watched as hunters *went out on the ice floes to* club the seals to death. It was the closest the seals have come to Prince Edward Island since 1969.

Mr Murphy said that fisheries officials would discuss the possible resumption of the killing with local hunters later today. "It's not just that the seals are being killed in an inhumane fashion", he remarked.

The main reason for closing the hunt was poor ice conditions, but he added that most of the Prince Edward Island hunters were *inexperienced.* "Hunters are just ruining pelts in some cases. Conditions were so bad that we just can't control the thing."

About 2,900 pelts were taken yesterday. The only killing today will be off the North-eastern coast of New Brunswick where two large ships are culling a herd of 50,000 seals.

The Greenpeace environmentalist organization has sent its protest ship, the Rainbow Warrior, to the area to try to disrupt the hunt, a fisheries official *said, but it is not* expected to reach the herd until March 20, long after the sealers.

Canadian ships have a quota of 55,000 harp seals, while the Norwegian allocation is 22,500.—Reuter.

Paris police shut down pirate radio station

From Ian Murray
Paris, March 10

A brazen attempt to flout the French state broadcasting monopoly ended today when 50 police, including special riot police, swooped on the premises used by the Canal 75 radio station.

Canal 75, which went on the air on Monday morning, was launched earlier this month with a series of full page advertisements in national newspapers, including *Le Monde* and *Le Matin*. It invited people to subscribe to the station and offered membership cards giving 25 per cent reductions in some shops to anyone donating more than 100 francs (£9).

The well-known names of M Thierry Mendès France and M Maurice Seveno, a one-time television journalist, backed an appeal for "a radio to win the battle for information and communication". A budget of 150,000 francs a month was allocated to put on a wide range of programmes 24 hours a day with a strong emphasis on news.

M Seveno, who has become closely involved with working out a new policy for French broadcasting for the Socialist Party, put forward the idea for the station to the team who ran the pirate radio Paris 80 for four months last year before it was closed by a police raid.

The Socialist Party has strongly condemned the state monopoly and has supported several pirate stations. M François Mitterrand, the party's presidential candidate, has himself given evidence in support of the organizers of a Socialist-run pirate station.

The new station went on the air with a team of 20 journalists and programmes planned to include time for immigrants, culture and music. The aim was to create a local radio for Paris. Five minutes of advertising an hour were scheduled, devoted largely to small businesses.

The high level of organization and professionalism threatened by Canal 75 seems to have persuaded the police to move quickly to close it down. Its programmes were jammed from the start and all its equipment was confiscated during today's raid.

Although the radio claimed it had no direct links with the Socialist Party, strong condemnations of the police raid came promptly from Socialist leaders

The station organizers have already announced that they intend to broadcast again soon and it is obvious that the Socialists, who have already spent heavily to create a new daily newspaper in time for the election campaign, intend to make freedom of information an issue

Elated by opinion polls, M Chirac attacks Giscard record

From Charles Hargrove
Paris, March 10

M Jacques Chirac, the Mayor of Paris, is no more disposed than M Georges Marchais, the Communist leader, to allow the presidential election to boil down to a duet between M Giscard d'Estaing, the present holder, and M François Mitterrand, the Socialist leader, and to be treated as if he did not exist. He demonstrated on television last night that he was very *much there and certain* that he would be present also in the second ballot.

It was by no means certain that the "UDF candidate", as he ironically referred to the President, was in the best position to beat the Socialist leader. "I am convinced that Frenchmen will not allow themselves to be limited to a choice between ineffective state control and collectivism," M Chirac said.

President Giscard d'Estaing *is appearing on television for* the first time tonight in the role of a candidate, even though the campaign starts officially only at the beginning of next month.

Many who had voted for the President in 1974 and were disappointed with his performance, might be tempted to try M Mitterrand this time. "How can one believe that M Giscard d'Estaing, suddenly touched by grace, can begin to have a policy totally different from that he has had for the past seven years? How can he be credible?" M Chirac asked.

He wasted little time, however, on the Socialist candidate, merely noting in passing that

French Presidential Election

M Giscard d'Estaing might be right in thinking that a victory of the left would bring disorder, but it was wrong of him to say that he was only alternative. The present rate of unemployment also held out a serious risk of disorder.

M Chirac was on top of his form last night, composed, self-controlled and quietly combative, save now and then when the persistence of his two journalist questioners particularly riled him.

M Chirac is buoyed up by the fact that he has got off to a good start, and that his proposals for tax cuts and economic reflation have made an impact on public opinion. One of the latest opinion polls credits him with 18 per cent of the vote in the first ballot, which would place him in a strong position not to win in the second but to influence the Government's policy after the elections, if M Giscard d'Estaing wins. But M Chirac goes further and thinks that he can pull ahead before polling day.

This explains the sharp criticism of the President's foreign policy, which, he said, meant "always agreeing with our nogotiating partners." The Government had shown "great weakness over Afghanistan". M Giscard d'Estaing had gone to Warsaw to meet President Brezhnev, thereby "endorsing in a way the aggression in Afghanistan". French behaviour over the Olympic Games and the Madrid security conference was "disgraceful".

If Russia were to intervene militarily in Poland, France should immediately denounce the Helsinki agreements, and apply industrial and technological sanctions. "Détente implies firmness, it does not call for compromise". M Shirac emphasized.

The authority of France in the world had been seriously weakened, because the Government "does not cease to put forward proposals which lead to nothing". Saying that "because of permanent *concessions and compromises, French* interests are no longer defended". He mentioned the French "surrender" to Britain over the EEC budget problem.

The Community was in a state of collapse; the mechanism of the Treaty of Rome no longer worked and it must be revised. He also called for a vast "alliance for development" between the industrialized West, the oil producing countries, and the Third World.

One could not for a moment say in the light of his record, that the "candidate of the UDF" stood for hope. M Shirac concluded: "In view of the failure of the other, I regard mine as the way of hope."

Shanty town squatters forced to go

From Our Own Correspondent
Johannesburg, March 10

In scenes reminiscent to the evictions from the Crossroads squatter camp outside Cape Town in 1976, several hundred black squatters have been forced to leave their shanty homes in Hout Bay, one of the most scenic areas of the Cape Peninsula.

The Hout Bay squatter settlement is one of the oldest in the *Western Cape and many of the* families, most of whom come from the Transkei, have lived there for years.

The evictions began at the end of last week, when the squatters were forced to move into temporary accommodation in a barracks in the black township of Langa. Today, however, officials from the Western Cape Administration Board evicted the squatters from the barracks because it is to be converted by a private firm into housing for the company's employees.

The men were moved into alternative accommodation in Langa and other townships. Their wives and children, most of whom are "illegally" in the Western Cape, were simply left on the pavement with their belongings. It is expected that most of them will be deported back to Transkei.

Mr A. A. Louw, the head of the board, said some of them would be allowed to remain temporarily for medical reasons, But he added that there were "those who are there illegally and others who are being accommodated there temporarily who have overstayed their welcome".

Sanctions could cut Africans' food supply

From Nicholas Ashford
Johannesburg, March 10

South Africa has warned black neighbouring states that they risk having their supplies of grain cut off if they continue to support sanctions against the republic.

The warning was given by Mr Pieter Botha, the Prime Minister, after a session of the State Security Council, one of the most influential decision-taking bodies in the country. The question of grain supplies to black Africa was also discussed at a meeting of the Cabinet today which reviewed the outcome of last week's sanctions vote in the United Nations General Assembly.

Mr Botha said South Africa had always suggested a formula for cooperation with its neighbours, but if they chose to act differently they should accept that counter-measures would be applied.

Last year South Africa supplied about 700,000 tons of maize to black Africa—notably to Kenya, Zambia, Mozambique, Zaire, Zimbabwe, Malawi, Botswana, Lesotho and Swaziland—without which some of the inhabitants of these countries would have starved.

This year Zimbabwe, which is expected to produce a big grain surplus, will be able to meet some of these countries' needs. But some of them will remain dependent on South African supplies.

All of South Africa's neighbours, with the exception of Swaziland, voted in favour of sanctions last week. However, Botswana and Lesotho later indicated that because of their geographic links with South Africa they would not be able to support sanctions.

The question of food supplies to South Africa's "unfriendly neighbours" has become a leading issue in the general election campaign. The ultra right-wing Herstigte Nasionale Party has accused the Government of "feeding people who kill our sons", by supplying countries like Angola, Mozambique and Zambia with foodstuffs.

Faction fights: Seventeen people were killed and an undisclosed number of others wounded in faction fights in eastern Pondoland, in the Transkei Bantustan, at the weekend, Colonel S. Funani, head of the Criminal Investigation Department, announced.

He said the fights, between the inhabitants of two rival locations in the Flagstaff district of north-eastern Transkei, lasted for two hours

Colonel Funani said that those involved had fled to a forest near by before the arrival of the police, who had yet to make arrests.—Agence France-Presse.

Soviet arts braced for new bout of orthodoxy

From Our Own Correspondent
Moscow, March 10

Whenever the Russians want to tighten political control, reassert communist orthodoxy and burnish their *ideological* armour, it is always the arts that first feel the results. And such a moment appears to have arrived.

At a time when the Russians feel their ideology is facing unprecedented challenges, no message in President Brezhnev's lengthy report to the recent party congress could have been more clear than his warning to Soviet artists, writers and musicians to stay in line.

The Soviet authorities are particularly sensitive to artistic challenges, however subtly expressed, to the party's monopoly of wisdom and power. Their treatment of the arts, therefore, is a good indicator of the prevailing political atmosphere and a guide to future policy.

Mr Brezhnev clearly reasserted the increasingly orthodox party line in the section of his report on "strengthening the intellectual foundations of the socialist way of life and moulding the new man". It was all very well, he said, for Soviet writers to produce *works that made people sit up* and think: they should show "civic passion" and an "irreconcilability to shortcomings". And he approvingly quoted the poet Mayakovsky's wish that the state planning committee "sweat in debates, setting yearly tasks for me".

But ideological poverty or a departure from clear-cut "class assessments" of historical events and personalities were not to be tolerated. It was the job of Soviet critics, artists' unions and above all the party to "correct" those who were carried away in one direction or another. Mr Brezhnev went on:

"It goes without saying they should take an active, principled stand in cases when works appear that discredit our Soviet reality. On this point we should be firm. The party was not and can never be indifferent to the ideological orientation of our art."

This does not necessarily mean that the Soviet leader is demanding a wholesale return to the rigid limitations of "socialist realism" as it was *propounded in Stalin's day.* Times have changed, and what was unacceptable to the party 30 years ago in terms of theme, style, content and depiction of character or of day-to-day problems is now taken for granted.

But that is only because what was once considered avant-garde is now the normal manner of expression in various art forms throughout the world. The party, mistrustful as ever of innovations whose effects it cannot gauge, has still not reconciled itself to anything genuinely avant-garde in today's terms.

The party still demands, in Mr Brezhnev's words, that "the heroes of works of art should not indulge in trivial affairs but live with the concerns of their country at heart, a life filled with endeavour and a persevering struggle for the triumph of justice and good."

In other words, the system is not to be criticized. Works of art are allowed to question and disturb only within the permissible framework set by the party.

Perhaps nowhere has the *ideological* conservatism been more clearly expounded than in music, an art form that ironically would seem least able to communicate politically subversive ideas to the masses. The reason for this lies largely in the unswervingly hardline orthodoxy of Mr Tikhon Khrennikov, the secretary of the Composers' Union, who was appointed to the post by Stalin and has exercised great influence there ever since.

Mr Khrennikov discussed the role of ideology in art in a long article in *Pravda* on the eve of the party congress in which he asserted that music without melody did not constitute proper music.

A composer's methods and systems were not important. What mattered were his ideals and how he transmitted these to the people. He inferred that those who did not agree with him were ideologically tainted.

100 arrested in Bogota after linguist's murder

Bogota, March 10.—About 100 people suspected of having links with the murderers of Chester Allen Bitterman, the American linguist, have been arrested in the Colombian capital, sources here said today.

Mr Bitterman, aged 28, was killed by guerrillas who described themselves as renegades of the Colombian M19 anti-Government movement. His body was found on Saturday, 47 days after guerrillas kidnapped him

Among those detained was Alfredo Torres, an evangelist pastor, who for a period served as an intermediary between the Summer Institute of Linguistics where Mr Bitterman had been employed and the M19 guerrillas. — Agence France-Presse.

Cheap tours could erase Aegean enmity

From Mario Modiano
Athens, March 10

The Turkish and Greek Governments were urged today to subsidize tourism between the two countries to encourage their peoples to get to know and understand each other in the hope of allaying their traditional enmity.

The proposal was made by Mr Andreas Politakis, secretary of the Greek-Turkish committee for the Abdi Ipekci Peace and Friendship Prize at the presentation of the first awards in Athens today.

A dozen or so Greek and Turkish writers and journalists were awarded the prize for works contributing to the rapprochment and mutual understanding.

The prize, named after Abdi Ipekci, the editor of the Turkish independent daily *Milliyet*, who was assassinated by terrorists in Istanbul two years ago, was established on the initiative of Mr Politakis who is a civil engineer and fairly apolitical.

Addressing a large audience of ministers, political and religious leaders, government officials, diplomats, and journalists, Mr Politakis pointed out *that for the past 60 years* the broad popular masses of Greeks and Turks had had no chance to meet and know each other. The distance had bred mistrust and suspicion.

"Let the two tourist organizations subsidize travel between the two countries," Mr Politakis said. "It would bea sound investment, comparable to investments in education."

Speeches at today's ceremony somehow emphasized the need for greater contact and understanding. *Four Greek journalists*, recipients of awards, expressed reservations and their "absolute opposition" to the military dictatorship in Turkey, whose existence could not promote friendship.

In other speeches there were references to the Turkish invasion in Northern Cyprus, and allusions to the Greekness of the Aegean. On the Turkish side there were remarks about the need for a Greek condemnation of the murders of Turkish diplomats abroad.

As Mr Politakis, however, put it: "We work for friendship between Turks and Greeks. But we are asked, what of Cyprus? What of the Aegean? The continental shelf and the air space? Quite justifiably there are cries of alarm. The answer is simple: These problems can be resolved through friendship, not through hatred and mistrust."

OVERSEAS

Prince Sihanouk fails to form alliance with Khmer Rouge

Peking, March 10.—Prince Norodom Sihanouk, the former Kampuchean head of state, and Mr Khieu Samphan, the Khmer Rouge leader, today failed to reach agreement during their talks in Pyongyang on the formation of an anti-Vietnamese front in Kampuchea.

In a telephone interview with Agence France-Presse from here, Prince Sihanouk said the Khmer Rouge refused to accept one of his conditions for the establishment of a united front —the disarming of all Kampuchean forces should Vietnamese troops withdraw.

"In these conditions, I do not believe an agreement is possible, but I'm not burning my bridges", the prince said. He also indicated that Mr Khieu Samphan would soon return to Kampuchea via Peking and Bangkok.

Mr Khieu Samphan arrived yesterday in the North Korean capital for negotiations with Prince Sihanouk who has conditionally agreed to preside over the proposed anti-Vietnamese coalition.

The prince said in the interview that the Khmer Rouge accepted all his other conditions, namely the existence of an "independent (of the Khmer Rouge) Sihanoukist force" and the guarantee that in the case of a Vietnamese withdrawal, Kampuchea would adopt a multi-party parliamentary system with free elections under international supervision.

"But they (the Khmer Rouge) do not show good faith toward the Kampuchean people", the prince said.

"Khieu Samphan claims that to demand a future disarming of his forces would demoralize his guerrillas and that in addition such a situation would open the door to a return of the Vietnamese to Kampuchea", he said.

The prince dismissed this argument as a "bad pretext" and said: "If the Khmer Rouge were to retain their forces, they would swallow Sihanoukist forces and those of Son Sann and they would seize power. I cannot yield on this point."

Prince Sihanouk: Disarming of all troops essential.

Conference walkout: Delegates from the Soviet Union, Vietnam, Afghanistan, Laos and Mongolia walked out when a minister of the deposed Khmer Rouge government of Kampuchea today addressed the thirty-seventh session of the United Nations Economic and Social Commission for Asia and the Pacific (Neil Kelly writes from Bangkok).

General Prem Tinsulanonda, Prime Minister of Thailand, earlier opened the 10-day conference on development issues affecting the lives of 2,500 million people in the Asian and Pacific regions.

New constitution: The Kampuchean government today announced it had drafted a new constitution for the country, Phnom Penh radio reported. It quoted the ruling People's Revolutionary Council as saying a drafting committee was ready to release the principles of the new charter for public consideration.—Reuter.

1,000-day drought forces Brazil mobs to plunder

From Patrick Knight
Sao Paulo, March 10

Groups of more than 1,000 desperate, starving peasants have defied police guns and sacked warehouses and raided markets in more than a dozen towns in the state of Ceara, north-eastern Brazil.

Ceara is one of eight states suffering from a severe drought now entering its fourth year. More than eight million peasants and smallholders have been affected in an area the size of Turkey. In some places it has not rained for more than 1,000 days.

For the third year running, between 80 and 90 per cent of subsistence crops—mainly rice, beans, and cotton—have been lost in Ceara, Piaui, Rio Grande do Norte and Pernambuco. Three other smaller states and, to a lesser extent parts of two more, have been affected.

The Government has now declared a state of emergency in the region. For some months almost a third of a million small farmers, as well as 650,000 farm workers, have been getting some Government aid to try to keep them on the land.

The drought is estimated to have cost the state over £2,000m just in aid in each of the past two years. The north-east, where almost a third of Brazil's 120 million people live, is the poorest region of the country. Almost two-thirds of the population lives in the countryside. Incomes are half the national average.

This latest drought was predicted several years ago by Brazil's National Space Agency, on the basis of records from several previous drought cycles, which occur at regular intervals. But nothing was done to prevent it or to prepare for it. Only in 1979, the first year of the drought, did the Government announce that it was to build irrigation canals from rivers, build new reservoirs and dig more wells.

But these will probably serve no purpose until the drought ends, which, if the Space Agency's predictions are correct, will not be before 1984.

A quarter of Ceara's five-million population has now left the land and fled to already overcrowded cities, putting great pressure on inadequate services.

Although the losses have been so massive in local terms, the contribution of the north-east to Brazil's total food production is less than 5 per cent. This is one reason why the continuing drought has made so little impact on the life and politics of the rest of the country.

Dalai Lama urges China to bury the past

Delhi, March 10.—The Dalai Lama, the exiled Tibetan leader today appealed to China to show "tolerant understanding and open mind" and pledged to "work hard" on developing "friendly and meaningful relations" between the Tibetans and the Chinese.

"Past history has disappeared into the past and anger cannot be vanquished by anger," the Dalai Lama said in a statement issued in Delhi today to celebrate the twenty-second anniversary of his uprising in Lhasa against the Chinese.

The statement was read out to several hundred Tibetan refugees demonstrating in front of the Chinese Embassy here, shouting slogans and demanding that the Chinese should restore Tibetan independence.

Indian riot police cordoned off the embassy, but the

The Dalai Lama said that "in recent times the Chinese have realized that their past self-defeating policies of deception, exaggeration and empty propaganda have been of more harm than benefit and have now adopted a new policy of seeking truth from facts and are trying to implement what they preach". — Agence France-Presse.

Karamoja relief work handed over to Unicef

From Charles Harrison
Nairobi, March 10

The United Nations Children's Fund (Unicef) is taking over responsibility for transporting relief food supplies to Karamoja, north-east Uganda, from the United Nations High Commission for Refugees.

The change will take effect from April 1, Dr Karl Eric Knutsson, Unicef's regional director for east Africa, said here today.

The change comes after criticism of the ability of the United Nations machinery to cope with the Karamoja situation, where famine faces up to 300,000 people.

However, Dr Knutsson believes that the Karamoja situation is virtually under control and extra attention is being given to the West Nile district of Uganda, where about 300,000 people fled from their homes last October after an invasion by remnants of the Amin Army.

Dr Knutsson said the recent threats to United Nations personnel working in Uganda could not be disregarded. The threats have come from one of several underground groups now working against the Uganda Government.

China to consider easing fishing restrictions

From Richard Hughes
Hongkong, March 10

The Chinese authorities will consider Hongkong's request for relaxation of the recent strict restrictions on fishing in coastal waters.

However, the chairman of the Hongkong Fishermen's Mutual Aid Association, Mr Ng Kamchuen, who has returned from Canton after attending the provincial People's Congress, said that no response can be expected for at least a month.

He added that the Chinese officials admitted that no warning had been given of the sudden restrictions imposed in September and December last year on all fishing within, first, 30 and then 40 nautical miles off the South China coast.

The requests which Mr Ng submitted were: A reduction of the restricted area; a widening of the current zone of 100 nautical miles in the estuary of the Pearl River, between Canton and Hongkong, where fishing has been permitted; and an official statement of the penalties and fines to be imposed on trawlers seized in the forbidden waters.

THE ARTS

Kandinsky's pioneering path towards abstraction

Kandinsky
The Development of an Abstract Style
By Rose-Carol Washton Long
(Oxford, £40)

Orphism
The evolution of non-figurative painting in Paris 1910-1914
By Virginia Spate
(Oxford, £35)

Common sense suggests that when a painting is called abstract, it must be abstracted from something—presumably the recognizable depiction of some kind of physical reality. It also seems likely that it will have been extracted before abstracted, and at least that the process of drawing-away will leave traces which will enable us to read, however vaguely, programmatic significance in the abstract we have before us. Not all abstract artists would accept this line of reasoning, preferring to banish all suspicion of representation from their work; which is no doubt why they prefer less loaded terms like "non-representational" or "non-figurative". But whatever the present status of abstract art as an independent language, the fact remains that its origins and historical evolution clearly show the extracting/abstracting process at work never more clearly than in the case of Kandinsky.

Kandinsky: *Composition IV*, c 1911

Kandinsky is generally accepted as the pioneer of abstraction, creator of the first abstract paintings around 1911. Though when you come down to it no one ever seems to have been the first to do anything, the idea is near enough true to stand. In her fascinating book on Kandinsky's early years, Rose-Carol Washton Long traces for us again, in more detail than ever before, exactly how Kandinsky reached abstraction, and what precisely he thought he was doing. For this it is necessary to go into the whole curious intellectual milieu of *fin de siècle* Russia and, more important, of Munich where Kandinsky settled in 1896 and lived and worked throughout the period of his gradual move towards abstraction.

They were a strange lot, though perhaps slightly less strange to us now, in the Age of Aquarius, than they were a few years back, when the very idea of paying serious attention to the ideas of the Theosophists and Symbolists and Rosicrucians and crackpot occultists of all persuasions would have been laughed to scorn. But all of this was very important to Kandinsky, and is mirrored in his theoretical writings of the period, especially his influential *On the Spiritual in Art* (1912). Kandinsky was interested in the theories of colour-significance propounded by Steiner, and certainly knew of the attempts to depict the human aura by followers of Mme Blavatsky. He was right in the centre of Jugendstil, the German version of art nouveau, with its strong mystical overtones. He was artistically obsessed with Russian folktale and legend. And when all these elements came together into a programme for "spiritual revolution" it was inevitable that something unprecedented should happen.

Kandinsky was, as this book fully confirms, wholly consci of what he was doing with straction: he was bur images or reducing them traces which would still h an emotive effect on spectat the more powerfully beca they were not limited by p ticularity. The human soul a piano, and the artist a sk performer, able to draw fro harmonies never dreamed of the instrument. His ideas, w their assumption of some k of collective unconscious which abstract art is the m effective and direct line approach, are Jungian bef the fact.

We might expect that P at the same period, thoug number of artists were head in the same general directi would be much more crisp Cartesian about it all. But Virginia Spate's book Orphism—the label Apollina applied to a group of paint tending towards abstract just before the First World W —reminds us, there was alr as much eccentric mysticism the air there as in Wagner Munich. Also, such foreign as the Czech Kupka and Russian Sonia Delau brought in an exotic elem Actually, the "group" made up rather arbitrarily people even then heading very diverse directions, few of them accepted unc ditionally the mystic task p posed to them by Apollinai the Delaunays and Léger, instance, were much more terested in the analysis of vis perception; Picabia in the p chology of artistic effect. Kupka, the most dramatic neglected of them all, was v close to Kandinsky in his a tudes, and if Dr Spate's bo does nothing else, it should least deservedly restore Ku to an important place in evolution of abstract art.

John Russell Tayl

The Garland
BBC1

Little Girls Don't
Thames Television

Michael Church

Television's big drama last night may have been in the hands of the newsmen but it is a fair bet that many a budget-watcher will have been at least temporarily snared by one of the two traditional alternatives on offer. The BBC's, on racial and cultural tensions, had soul but little style; ITV's, which seemed to be about class, was tremendously stylish but singularly lacking in soul.

It was only duty which kept me glued to *The Garland*. No play which builds on the work of *Empire Road* and offers serious, unstereotyped parts to dozens of Asian actors can be entirely a bad thing. H. O. Nazareth and Horace Ové wrote *The Garland* with the laudable intention of dramatizing some of the conflicts which arise not only between Asians and whites but between those Asians who remain Islamic fundamentalists and those who became uneasily westernized.

What they produced, unfortunately, was didactic drama in the form of an oriental weepie, with the tears falling so relentlessly fast that at least one occidental viewer wanted to look away. Their multiple message was cripplingly pessimistic.

We witnessed the stresses of mixed marriages, the dead weight of the Islamic veil, the encroachments of the National Front, the inhumanity of immigration officials and police, the casual cruelties of routine and unthinking prejudice.

Against all this neither the dignity of Indian culture nor the efforts of Indian community activists could prevail.

Waiting at the airport: Ishaq Bux (left), Sahab Qizilbash, Shreela Gosh and Albert Moses in *The Garland*

For much of the time the proceedings had an awkward, stilted quality, though whether this was intentional or not it was hard to say. In their zeal to lecture us the authors had their characters lecture each other about everything from Muslim taboos to male chauvinism, taking in such things as immigration law and the proper use of launderettes along the way. The unhappy young protagonist had a habit of swooning off into heavily symbolic daydreams. The scenes which really worked derived their impact not from dialogue but from the tinsel beauty of a Bangladeshi wedding.

"I left it open to let in some fresh air", said one character of a window through which thieves had predictably entered. There was a comparable moment, involving a prominent notice and a key invitingly left under the mat, in Frances Galleymore's *Little Girls Don't*.

Directed by Mike Newell with menacing glitter, this play abounded in the sort of implausibilities which lend *The Young Visiters* its charm. Toyah Willcox made a splendidly violent punk delinquent, with Rosalyn Landor as her ice-cold (psychopathic?) renegade bourgeois accomplice, but the socio-psychological musings implicit in the script were quarter-baked. One expected to meet Mr Salteena round every corner.

London debuts

Bravest of the week's nine contenders was Jocy de Oliveira, a pianist-composer specializing in contemporary music who came all the way from Brazil to play excerpts from Messiaen's *Catalogue d'Oiseaux*. Her total dedication was unmistakable, so were her keyboard command and range of colour. But while *unfailingly* responsive to the music's deeper spiritual mystery and awe, unaccustomed to the Purcell Room's acoustics she was occasionally tempted to inflate *forte* markings and crescendos in a way that slightly lessened the climactic effect of Messiaen's most piercing cries.

Clashing events only allowed me to hear the Tanganyka-born pianist Yolande Wrigley in her second half of Chopin, Debussy and Tchaikovsky. But she, too, impressed as a real musician playing from her heart with directness and warmth as well as technical assurance, even if a little more thought for each composer's specific sound-world could have made her characterization yet more stylish. From the American pianist Paul Posnak I could hear only Haydn and Bach. While admiring his steely strength and fluency of finger, his clear part-playing and the intelligence behind it, I sufficiently missed tenderness to make me fear for the Schumann and Brahms promised after the interval.

As for Louis Albanis, a young English-born pianist of Greek extraction, rather than boasting (on his handbill) of addiction to extremes and contempt for the "average soloist's timid obsession with the score", his Chopin and Liszt suggested that he should heed Shakespeare's words about what happens to sweet music when time is broke and no proportion kept.

For all-round assurance in a variety of styles, no one was more ready to face the limelight than the Dutchman Godfried Hoogeveen. Beyond the expectations aroused by his position as principal cellist of the Hague Residentie Orchestra, he offered big, plangent, grainy tone and strong conviction as well as showing a healthy appetite for contemporary adventure. Initial doubts about lack of intimately communicative phrasing were *dispelled* by considerable sensitivity in slow movements by Dallapiccola and Shostakovich.

Of the singers Sally Strane von Plettenberg, originally from Tunbridge Wells, left no doubt of a lovely voice, warm and creamy yet pure because not too vibrato-ridden. If Barber's *Hermit Songs* and a group of Brahms needed still more personal inflection, her compensatory virtues of smooth line and breadth of phrasing were invaluable in Wagner's more expensive *Wesendonck Lieder*. In contrast, the Finnish mezzo-soprano Taimi Airola seemed a little short of breath as well as over-tremulous when longer flights were demanded, as in Dvorak's *Zigeunermelodien*, though she found the tonal prettiness and musical charm for Sibelius and other Scandinavians in homelier mood.

Earlier music had its advocates, too. Despite certain vagaries of rhythm, the Spanish harpsichordist Pablo Cano extracted rich, romantic expression from rarities by Duphly and Balbastre through striking contrasts of colour. Finally, Brighton Baroque, a south-eastern based group using modern replicas of baroque instruments (violin, cello, chitarrone or guitar, chamber organ or harpsichord), who ended the week with a still more recondite selection of old Italian rarities from Marini in 1617 to Bonporti in 1712.

Joan Chissell

The Triumph of Death
Birmingham Rep Studio

Ned Chaillet

From the murky depths of an archaic, somewhat English, language, David Rudkin's new play struggles upwards to the resounding declamation that everything is excrement. God, love and Heaven, Satan and Hell, are all conclusions drawn by an ape on an open-air lavatory, but somehow the apes include St Joan and Martin Luther, and Mr Rudkin implicitly prefers their visions and spectral visitations to the soothing humanism of today.

He says none of that in so many words. Or, rather, so many of Mr Rudkin's words seem to say so many things that they may well be saying that explicitly, but he has layered this statements in obscure, personal mythology so deep that the only real drama of his writing is trying to extract his intention.

The Triumph of Death opens with a father-figure, an all-purpose pope called Papatrix, seated high above an earthen pit with humanity clutching his skirts from 15ft below. Christ, complete with stigmata and crown of thorns, steps out a moment later to say: "Yes. Me." He introduces himself to a man seated on a lavatory, tells him the message is love, then a nun, who later admits that she is Death, sends the man off to die for Christ.

Peter Farago, the director, has filled the earthen pit with skulls and good actors and Mr Rudkin leaps to a close view of a matriachal society, showing a tribe founded by a woman in resistance to what might be the established church. That collapses in an orgy of drugged ecstacies where Pan the piper proves to be bisexual and everyone wallows on his back as a contingent of Christian monks enters in a cloud of smoke. It has the gruesome beauty of a battlefield at dawn, and makes about as much sense.

One of the women from the matriarchy survives into the second act, where a Christian court, probably inspired by Carl Dreyer's film about St Joan, changes her name from Jehan to Joan. Once that is done they hasten her into a fire and a kindly monk named Brother Artaud, on leave from the Theatre of Cruelty and Dreyer's films, finds it rather sad.

Veronica Roberts valuably signals from the flames, as do Harold Innocent, Sheila Gish, Jonathan Kent and others, more metaphorically, but as there is no coherence to the drama they can offer only unmoving pictures of passion. For Mr Rudkin history is not very satisfactory, having led us to the present, so he has joined Edward Bond and Howard Brenton in rewriting it. Unfortunately his version is as much of a mess as the real thing, but without the laughter.

Dido and Aeneas
St John's/Radio 3

Stephen Pettitt

"What marvellous music!" said a woman as I left this concert performance of *Dido and Aeneas*. Purcell's only opera. Indeed it is, and the more so if we remember that it was written for Josias Priest's schoolgirls in Chelsea, not for contemporary opera stars. The girls must have had great fun tackling its emotional and musical challenges in 1689, although we can be reasonably sure that adult help would have been at hand for the principal role of Dido as well as the two male characters (Aeneas and the Sailor) and the lower chorus parts.

Ever since, *Dido and Aeneas* has been almost entirely the domain of grown-ups; the tragedy of Nahum Tate's libretto seems to have demanded it. Monday's performance, directed by Richard Hickox, was firmly in the traditional mould. In the opera house, where he conducted the piece for ENO in 1979, his approach, with its attendant unhurried speeds and grandios drama, undoubtedly worked well. Without the embellishment of stage action, however, I am not so sure, although those more content with tradition may well disagree.

From the beginning Ann Murray, showing a rich voice with perhaps too much vibrato, poured all her emotions into her interpretation of the tragic Queen of Carthage with as controlled a performance of "Ah! Belinda" as I have heard. Her cajoling sister, sung by Marie McLaughlin, was less forceful and more shapely in her phrasing, while Stephen Varcoe's youthful portrayal of Aeneas aptly stressed his naivety. In the scene of the plotting witches, surely ideal highschool melodrama, Fiona Kimm's characterization of the Sorceress was certainly positive enough, and Christopher Royall (counter-tenor), stepping from the ranks of the crisply disciplined Richard Hickox Singers, proved an effective contrast as an extraterrestrial-sounding Spirit.

Spice was added to the vivacious playing of the City of London Sinfonia by the stylish addition of oboes and bassoon, and the continuo group was graced by the theorbo of Nigel North. Such individual distinction, though, did little to allay my feeling that Mr Hickox did not wholly grasp the style and spirit of the musical drama, despite the daringly funereal pace of the great final lament.

Some of the reviews on this page are reprinted from yesterday's later editions

Illusion not easily taken

Oedipus
Finborough Arms

Irving Wardle

Aspassia Papathanassiou, wh company tours ancient trage round the remoter parts Greece, recently staged *Oedipus* featuring a two-head Tiresias: a blind prophet ma ing a manipulating politici This *avant-garde* effect, claims, was not lost on village audience who took look at it and said: "Oh ye CIA."

A similar idea underl Jeremy Kingston's two-part working of the story: *Oedipus the Crossroads* (first seen thr years ago at the King's Hea and its new companion pie *Oedipus Meets the Sphinx*. both parts, the hero returns a wily rational intruder caug in the web of legend and doi all he can to break free from while simultaneously fulfilli the prophesy to the letter. Wh we first meet him he is on t road to Delphi, not in search divine revelation but in the ho of picking up a few tips fro "the finest intelligence syste in the world".

He has already rumbled t Corinthian deception, he kno exactly what is supposed happen to him, and when Lai duly turns up at the crossroa there is an immediate fami reunion. Tiresias and the herd man have by now shuffled ov the scene; and when it becom clear that Oedipus has no i tention of cutting Laius's thro no matter how much he as for it, the two observers tal matters briskly into their ow hands. Tiresias, in a flash, tur into a very sharp-eyed party, who promptly recruits second Oedipus to do the jo and winds up the piece in mu derous pursuit of the one th got away.

Sphinx picks up the ta with the hero's arrival on th outskirts of Thebes to under his last test before assumi the fatal crown. In this ca it is no test at all, as he h already repeated the Sphinx riddle as a joke in the fir play; and it now serves simpl as a bit of teasing forepla with which he seduces the fa from unwilling monster wh (surprise, surprise) turns o to be Jocasta (compensatin for Laius's neglect by litterin her mountain with the bodie of eligible Theban males).

The two parts are hel together by Oedipus an Jocasta's joint hostility to th Olympian tyranny and its con spiratorial deputies (Kreon an Tiresias): and when they mak their final exit Mr Kingsto gives them an even chance o establishing something better Otherwise, the second play strikes me as short-winded and confused; dutifully workin its way through a mechanical scheme rather than having fun with a legend.

The Court Theatre Company plays in the upstairs room of a pub with actors using the same door as the audience. It does not take easily to illusion, and Morris Barry's bilingual Theban signpost, shadowed screens, and on-off sound effects are labour thrown away. Likewise the apparition of June Abbott's Sphinx, voice coming from all round the room, and at last disclosed, fancily attired in gold-wire headdress and talons, enthroned on top of a cupboard from which she has to make an ungainly descent. Jonathan Kydd, an agile, quick-thinking presence, secures easy contact with both sides of the house, and keeps a restless current moving through a show that is otherwise apt to sit down and talk.

Books for Children

Stranger in town

The Stray, by Betsy James Wyeth, drawings by Jamie Wyeth (Faber, with Farrar, Straus & Giroux, £6.95)

Like the Musketeers, there are three of them—Lynch, McCragan, and the narrator, all for one, one for all, with the call sign of three caws. The book is set in the small American town of Chadd's Ford, where the inhabitants find the headless body of one of their number on the town boundary, and from then on live in terror. Lynch is the classic wandering stranger of American fiction who comes into town, makes a contribution to town life, and then leaves, as in *Shane*, and *One Flew Over the Cuckoo's Nest*.

There is just one small point of difference: Lynch is a dog. McCragan is a fox, Den Den, Big Karl and Sour Kraut (a villain) are all pigs. We discover this from the illustrations, not the text. Jamie Wyeth is the son of Andrew Wyeth (and the author is his mother). The drawings are beautiful, elegant, and have a definite air of menace. There are wonderfully inventive picture maps of the area. Pigs can be charming or evil, and both kinds appear, as well as an adorable piglet. There is an image of beauty and fantasy in an air ship, which is exactly that—a fully rigged clipper sailing over a wooded landscape. And never a sign of hide, hoof, or hair of the mysterious narrator.

The story is, on the whole, pretty baffling, involving a wicked pig and his pack of hunters and the innocent villagers. Many years ago the pig stole the royal crown of France, falsely implicating one now known as the Baron deFace, a gaunt, masked figure who sits and plays the organ when in a frightful temper. He lives in a beautiful palace on an estate which contains a private railway. Add in a retired Admiral, formerly a pirate (who happens to be a seagull) and you have a recipe for a fantastic tale.

In a curious way it reminded me of *Le Grand Meaulnes* in its wistful evocation of a life that has gone, a dream destroyed, Lynch in his big hat and his motor cycle outfit and his sense of style, vanished from the narrator's life. A very strange book indeed.

Philippa Toomey

Thunderous chords....

Bloody as ever

The Sword and the Circle: King Arthur and the Knights of the Round Table, by Rosemary Sutcliff (Bodley Head, £4.95).

Nothing but "open manslaughter and bold bawdrye" was Ascham's famous disapproving critique of Malory's Arthurian stories. He would find the first but not the second in Rosemary Sutcliff's new retelling. Her fights are as exciting and bloody as ever; her romantic interludes, as in *The Hound of Ulster*, coy and unconvincing. This volume takes the story only so far as the Grail quest, which has already been dealt with in *The Light Beyond the Forest*. If a third volume centring on the love of Lancelot and Guinevere and the battle of Camlann is to come, it will be the love not the battle which tests the author.

Stories so often recast are not easily subdued to a single vision. What is surprising about this book is not its lapses (some tushery in the dialogue; an overplus of damsels and knights in a small compass; a Gawain who suddenly waxes Scottish) but the vigour with which Rosemary Sutcliff has imposed her voice on that of her predecessors. The imagery is fresh, vivid, robust; the characters memorable; the echoes potent. The aura surrounding Merlin, for instance, is described in a double simile which recalls both the shaman's drum and the torch/lantern symbolism which haunts Miss Sutcliff's oeuvre: power "flowed from him like light from a torch or the spreading quiver in the air from a lightly tapped drum."

After chapter six the book disintegrates into a collection of tales rather than a coherent whole; but the stories are expertly told. Individually they can be bettered (there is no comparison between Rosemary Sutcliff's *The Coming of Percival* and William Mayne's daring and funny version in his *Book of Heroes*) but they add up to a substantial and noteworthy book.

The one source not noted in the foreword is one of the most pervasive: T. H. White. His hand can be felt throughout, especially in the characterization of Lancelot. The same influence formed the character of Bedwyr in the historical novel *Sword at Sunset*, which remains Rosemary Sutcliff's most impressive contribution to Arthurian literature.

Neil Philip

Declension of the Gauls

Asterix and the Great Divide, by Albert Uderzo; translated by Anthea Bell and Derek Hockridge (Hodder & Stoughton, £2.50)

It is a few years since we hooted over Asterix in my household, but the books are still on the shelves of my rapidly aging children, where quick reference immediately revives among other memories, that of Pericles—Pepe for short—the amazingly determined Spanish child who, if crossed in any way at all, threatened to hold his breath "until something happens to me . . ." As he was a hostage and of great bargaining value, anything "happening" to him was bound to be bad news for someone and to be avoided at all costs. For a time the threat passed into family parlance.

That was in the Gaulish heyday, when René Goscinny was writing the stories to Albert Uderzo's illustrations. Now Goscinny is dead and this is the first title which Uderzo has undertaken entirely on his own, so I would very much like to be able to record that *Asterix and the Great Divide* bids fair to plant memories as funny, as satisfying and as lasting among the families of 1981. Unfortunately with all the allowances I can make for an engrained belief that any change must be for the worse and unless nostalgia has coloured hopelessly the stories I already know, I am afraid the memories may be fewer and less bright. The illustrations are still splendid, but the narrative has lost its drive.

You notice this because what would once have been entertaining asides are now more like digressions, at the end of which you cannot quite remember where you were. The old-established characters survive reasonably well, but the new ones are distinctly short on edge and dottiness: do you remember—though I think he may not have appeared in an English version—the Druid who attempted to cure Getafix of amnesia and whose questionable success both there and with his other patients made a well-aimed and delightful dig at psychiatry? Well, there isn't anyone like him; there isn't anyone like Pepe. "I'm going-to-hold-my-breath . . ."

Without them, or rather their successors even Obelix may satisfy a long ambition and come to look a little thin.

David Wade

Threatening

The Hunting of Shadroth by Victor Kelleher (Kestrel, £4.95)

The Clan share lands with the Feln, huge cats, pacific and inviolate. A boy, Tal, possesses the Gift, hyper-sensitive intuitivity through which leaves and animals have messages for him alone. Silence has many voices, and his paintings show strange insights.

Feln had never been known to attack a human. Yet for some reason that he couldn't understand, Tal had felt compelled to paint the Feln charging straight towards him, its yellow eyes glinting, its fangs ready to tear at his throat. Nor was that the only puzzling thing in the picture. Behind the charging Feln was an empty space . . . He knew that something must go there, something enormous, brooding, a threatening presence watching from the undergrowth. Repeatedly he made himself concentrate to the point where he could almost see it lurking there, dangerous, a vague outline of darkness; but the moment he picked up his brush, the vision would dissolve and he would find himself again staring at the empty space.

That empty space is inexorably filled. The young chief violating all tradition, begins wearing a Feln skin, the cats start fearing Man, are blamed for a cattle killing, and the chief decrees their extermination. In gathering suspense and menace, Tal defends them. Surely Shadroth is reviving, spirit of death, incarnation of tribal violence, imprecise but deadly, wrapped in a freezing wind. A man then dies, of cold; accused of cowardice, Tal is degraded to serfdom, then escapes, determined to dispel the evil. "Defeating Shadroth and protecting the Feln are really the same thing."

Reverence for life seems the book's theme. Shadroth, an escape down river, the final, desperate hunt, all make vivid reading. Too frequently, however, splendid inventions are marred by slipshod journalese, grotesquely at odds with Clan experience, beliefs, magic. "You have a great deal to answer for." "Normally, I would agree with you." "She gave Tal a cheery grin." "Don't be a fool." "Cul de sac." "Flashed across the screen of her mind." This may be deliberate, to appease slow or reluctant readers, but at the deplorable cost of depriving others of the fully rich and imaginative.

Peter Vansittart

A drawing in traditional style by Val Biro for his own collection of Hungarian Folk-tales (Oxford University Press, £4.95).

Traditional

The Big Janosch Book of Fun and Verse, translated by Anthea Bell (Anderson Press £6.50)

"Janosch" is the pen-name of a prolific German artist/illustrator—more prolific than inventive. He has scored up a quantity of splodgy picture books and quaint storybooks, where his natural sense of fun seems to have been inhibited by a feeling that he ought to be painting some moral or other. Of late though he has been getting less heavy-handed in all respects and this new full-colour picture album is perhaps the best thing that he has yet done. Daubed paint has given way to linear design and water-colour (possibly an influence from John Burningham, who is highly regarded in Germany), and for texts he has put together a collection of home-made rhymes and stories of distinctly traditional flavour. Even the obligatory bits about butch females and fuddy-duddy parents are transferred to a society of mice where they become so much more convincing.

Importing Janosch to England is not just a matter of running on some extra printed sheets however. There's also the question of translation, which is never easily answered where illustrated nursery rhymes are concerned. You've got to think up something that will not only match the given pictures but will also sound like natural English verse—so there's precious little room to manoeuvre. Anthea Bell copes valiantly with this demanding technical exercise, and where she creaks I fancy that it is because her original doesn't give her enough substance to work on.

Brian Alderson

Subversive

Strictly Private: an anthology of poetry, chosen by Roger McGough; illustrated by Graham Dean (Kestrel £4.95)

Wherever did young Mr McGough go to school? And did his teachers really inflict the *Golden Treasury* on him "because they were paid to and because the syllabus demanded it"? Well, Academe's loss is England's gain. The effect of all those "heavy and dusty" poems was to inspire the witty disenchantment of his verses "in the glassroom" and elsewhere. Now he has brought along some friends to augment his subversive lyric voice.

To begin with it is funny and astringent. Such a change to have home-truths served up without any fancy garnish:

you fit into me
like a hook into an eye
a fish hook
an open eye

but 173 pages of whinge and aggro convert anything in the poetry that was "strictly private" to sternly claustrophobic. All right Wes Magee, you may be a "left wing radish, raw and red as a thumped nose"; all right Adrian Mitchell, it is good to know that "in Manchester there are a thousand puddles" but so many "recognizably contemporary voices" grating on like this begin to make Palgrave's *Treasury* more golden than Mr McGough credits. I never want to hear Wordsworth on daffodils again, but after reading Adrian Henri's cut-up of the poem with a Dutch car advertisement I find that the Old Sheep's bleat has something to say after all.

Heather Renshaw

Roger McGough is one of the judges in this year's Children's Poetry Competition organized by the Poetry Society. It is open to all children up to the age of 17 and the closing date for entries is March 31. Details from the Society at 21 Earls Court Square, London SW5.

Trite

The Ghosts of Sandeel Bay, by Kathleen Fidler (Blackie £4.95)

Amid so much stream-of-social-consciousness in children's fiction it is nice to find that there's still room for the old-fashioned unrealities, whether in the sentimental domestic dramas of L. M. Montgomery's revived *Jane of Lantern Hill* (Angus & Robertson £2.95) or the derring-do of those indefatigable gels of Anne Digby's finding *More Trouble at Trebizon* (Granada £3.95). Hail and farewell therefore to the last book of a writer who made a small corner in "holiday adventure stories", and who died last year with more than 80 titles to her name. Kathleen Fidler's *The Ghosts of Sandeel Bay* has all the ingredients of triteness that the genre demands. Of the four children on holiday at Port Patrick, fat Jane proves to be wizard at swimming, and bespectacled Cedric a champion tennis player—qualities much in demand when the time comes to tackle the jewel thieves (Irish of course). Jane swims off with their boat, then she and Cedric keep them at bay with volleys of pebbles twanging from the racket. Eventually "three well built men in uniform" loom out of the darkness (tennis in the dark?) and then—although it smacks of overkill—these coastguards are joined by "a burly police sergeant and three other policemen". What hope for Murphy and O'Toole against that lot? The loot is recovered.

Kathleen Fidler's mastery of the subtleties of fiction may not have been comprehensive, but she was, it seems, a personality much-loved in her adoptive Scotland. She "worked tirelessly to encourage young readers to share her love of books", and, in recognition of this Messrs Blackie are sponsoring a "Kathleen Fidler Award". It is open to authors in Scotland under the age of 30, who are asked to submit unpublished manuscripts of novels for children in the eight to 12 age group (some of whom will be among the judges). Entry details from HPR Publicity, 9 Fitzroy Square, London W1P 6AE.

Brian Alderson

SPORT

Football

Forest succumb to Dutch perfection

By Norman Fox
Football Correspondent

Ipswich 1 Nottingham F 0

The "Double", that most elusive brace of trophies, remained in the sights of Ipswich Town last night when at Portman Road a tense sixth round FA Cup replay was brilliantly decided by the perfect aim of the Dutchman, Muhren, after a first half in which Nottingham Forest led in everything but goals.

Ipswich probably committed more basic errors of judgment in the first 45 minutes than in their previous 15 games. Nothing went right as Forest pounded them into insecurity. Cooper, their usually quiet, reliable goalkeeper, looked so nervous he might have been standing in the central reservation of a motorway while two juggernauts, in this case Needham and Burns, left the Forest defence to loom over him.

Two vivid attacks by Frank Gray, running the length of the wing, could have given Forest a two-goal lead before the tenth minute. Indeed, from the first, after he had played two wall passes with Walsh and Francis, his hard ball into the penalty area was deflected in by Wallace, who a linesman decided, was offside. Gray soon came back down the wing after catching Thijssen in possession, but Wallace could not reach the pass.

Nevertheless, the pressure had a disturbing effect, particularly on Mick Mills, who was the first of five players to be booked, and it was fully 15 minutes and two more near misses from Needham and Walsh later, before Ipswich composed themselves in midfield, allowing Muhren and Thijssen to take the sting from Forest's youngsters.

Slowly the fire burnt out. Still Ipswich lost possession too easily and the speed of Robertson and Francis temporarily outmanoeuvred the silken skills of Muhren who kept trying to release Brazil and Mariner. Burns, unyielding throughout, and the recalled Needham, were solid against the Ipswich pair of forwards but, equally, Butcher gave Francis a tough, often painful battle within an increasingly bitter match without the better features of Saturday's 3—3 draw. Tempers were stretched and Gunn, taking Anderson's place at full back, and Stuart Gray, also became entries in Clive Thomas's book for rugged fouls.

When Ipswich discovered a semblance of their true ability, mainly because McCall was so determined in his support of Muhren, they still had to contend with Shilton who was only once caught on the wrong foot in the first half when Wark's shot was deflected. It was not until the early minutes of the second that Shilton needed Jack's kindly smile. Mariner, who began the half altogether more aggressively, climbed to Muhren's corner and the ball bounced for Butcher to volley over the crossbar from in front of the goalkeeper.

The worry became all Forest's. Francis was trying to run off the pain in a leg injury and Ipswich were trying to employ the Wark factor, that searing shot he drives from any distance.

In the event, it was not power as much as a stroke of Dutch perfection that won the game. Mills built the move, Thijssen centred and again Mariner lifted himself above the rest to bring the ball down as Muhren drifted towards the penalty area. With all the accuracy that has made him so valuable to Ipswich the Dutchman volleyed spectacularly past Shilton.

That was the end of Forest's trail this season, particularly as Francis had to abandon the game for the remaining 20 minutes in which several now confident Ipswich attacks confirmed that, in the end, they merited their semi-final appearance. In the last minute Cooper ensured it with a fingertip save from Robertson.

Forest fined: Nottingham Forest are one of three teams to have been fined £1,000 by the Football Association for having advertising material on their shirts in third round FA Cup ties this season. Bolton Wanderers and Newcastle United are the others.

IPSWICH TOWN: P. Cooper; M. Mills, S. McCall, F. Thijssen, R. Osman, T. Butcher, J. Wark, A. Muhren, P. Mariner, A. Brazil (sub, K. O'Callaghan), E. Gates.
NOTTINGHAM FOREST: P. Shilton; B. Gunn, F. Gray, S. Gray, K. Burns, D. Needham, G. Mills, I. Wallace, T. Francis (sub, R. Ponte), C. Walsh, J. Robertson.
Referee: C. Thomas (Porthcawl).

Muhren: took the sting out of Forest's youngsters.

Exit Middlesbrough, pursued by Wolves

By Stuart Jones
Wolverhampton 3, Middlesbrough 1

The FA Cup semi-final remains in Middlesbrough's land of dreams. Seven times they have reached the sixth round and seven times they have failed to turn dream into reality. Last night they went down after extra time and it is Wolverhampton Wanderers who go through to meet Tottenham Hotspur on April 11.

The north-easterners still talk about the day they drew Orient in the sixth round in 1978 as the time they came closest to reaching the last four. The memory of this tie that started in the mud of Ayresome Park and ended in the rain at Molineux will supersede it for the time being. In reality, though, Middlesbrough rarely threatened to take their place under the bright lights of the semi-final stage.

The opening half belonged almost exclusively to Wolves as the nerves that had strangled Middlesbrough's confidence three days previously gripped them again. Ashcroft once more found Gray an uncomfortable partner in the air, yet it was his reckless tackle on Clarke that gave Wolves the start they wanted, as they had achieved on Teesside.

Gray stood over the free kick outside the area, Gray ran over the ball and Hibbitt struck it. Platt, scrambling across, could reach the curling shot only with his finger-tips and, as it bounced off the post, Eves ducked to guide it home with his head after 10 minutes.

Within 10 minutes Palmer returned a ballooned clearance and, as Bailey missed his header, the ball dropped at the feet of Clarke, whose fierce volley cannoned off the top of the bar. Eight minutes later Clarke was at his woodwork class again. After a chip from Richards and a short game of head tennis, he turned in the manner of his elder brother, this time striking the right-hand post, only to see the ball bounce clear.

It was all Middlesbrough could do to fend off the ceaseless blows. Although Jankovic had earlier found the net, only to be ruled offside, their first attack of note arrived after 40 minutes. Whereas Wolves had been more urgent than fluent when going forward, it was a sweet move that was started by McAndrew and finished by Hodgson, whose dipping volley was saved at the second attempt by Bradshaw.

During the interval Middlesbrough had time to collect their breath and their breathless thoughts and, for almost the first time in over two hours, began to play as they can. Wolves, using their experience, had unsettled them, but now Hodgson and Jankovic gained support from the young trio in midfield and long, speculative balls became a feature of the past.

The danger was that in their fresh and youthful eagerness they would leave the way open at the back for the speedy Gray or Richards. Whenever the occasion arose, though, Platt was there to cover. But the tide was turning and the equaliser came with 15 minutes left. Jankovic threaded his way along the byline and crossed for Hodgson to head home. As extra time dawned, Wolves threatened to snatch a late winner, but Eves, lying among a pile of outstretched bodies, failed with the final touch.

As the groups of red and gold separated at the end of normal time, Proctor crossed himself and McAndrew was on his side as well as the huge bank of Middlesbrough supporters. But Wolves had no need to call on help from the stands or from on high. With eight minutes gone in the first period, Gray's careful cross allowed Richards enough time to steer in the second and in the 110th minute Bell, the substitute, made it safe from Bradshaw's long kick upfield.

WOLVERHAMPTON WANDERERS: P. Bradshaw; G. Palmer, D. Parkin, W. Clark (sub, N. Bell), J. McAlle, G. Berry, K. Hibbitt, W. Carr, A. Gray, J. Richards, M. Eves.
MIDDLESBROUGH: J. Platt; T. Nattrass, I. Bailey, C. Johnston, W. Ashcroft, A. McAndrew, T. Cochrane (sub, D. Shearer), M. Proctor, D. Hodgson, B. Jankovic, D. Armstrong.
Referee: R. Challis (Tonbridge).

Grimsby's ambition suffers a setback

By Nicholas Harling
Bristol City 1 Grimsby 1

Two second division sides desperately in need of points for opposite reasons must have felt that the one they earned apiece from last night's unrelenting struggle in the rain at Ashton Gate can hardly have benefited their respective causes.

The point Grimsby dropped to a needless equaliser 15 minutes from time reduces their chance of becoming the first club to move from the fourth to the first division in successive seasons. City's relief at scoring that goal was scarcely concealed, but it still leaves them perilously placed in their attempt to avoid relegation for the second season running.

Neither can City have been too ecstatic at the attendance figure which was their lowest since the war, for a game which was postponed on Saturday. The match was rearranged at short notice because City would have otherwise have gone a month between home fixtures which are required to fill their fast emptying kitty.

Earlier in the day it had been revealed that the club's decision to part with their former manager, Alan Dicks, has cost them £66,000. This consisted of compensation, the salaries they continue to pay him until this week and £30,000 being paid into a pension fund on his behalf for the next 12 months.

Grimsby had wanted the game played hastily because they might otherwise have been without two players through suspension. Ironically one of those first team regulars, Cumming, their leading scorer, who will probably receive a two-match ban tomorrow, made the mistake that cost Grimsby victory and the first goal against them in five games. Cumming had, however, much earlier scored the goal that gave Grimsby followers something to cheer on a foul night.

Conditions were so hazardous that the players never knew whether the ball would skid yards out of reach or squelch to a sudden stop. Either side of Cumming's goal (scored after Marshall had failed to clear Brolly's cross), Bristol's forwards created opportunities with a verve that belied their lowly position. Since their accuracy was rarely wanting, Batch in the Grimsby goal had to excel himself, especially in one minute when he pushed one header from Mann over the bar and touched another from Mabbutt on to the woodwork.

Whymark, who must have felt he left the first division far behind on leaving Ipswich for Grimsby via Vancouver Whitecaps, came within a foot of doubling Grimsby's lead after rounding Moller, but Hay utilized the slippery surface to slide in with a spectacular clearance.

Grimsby were retreating ever deeper in the protection of their points when Cumming hesitated instead of clearing a cross from the substitute Smith, permitting Tainton to force the ball in for a richly deserved equalizer.

BRISTOL CITY: J. Moller; P. Stevens, A. Hay, P. Aitken, A. Nicholls, J. Marshall, T. Tainton, J. Mann, K. Mabbutt, H. Pritchard (sub, G. Smith), C. Whitehead.
GRIMSBY TOWN: N. Batch; D. Moore, D. Crombie, J. Waters, C. Wigginton, K. Moore, M. Brolly, T. Whymark, R. Drinkell, R. Mitchell, R. Cumming.
Referee: D. Civil (Wolverhampton).

Last night's results

FA CUP, sixth round replays

Ipswich (0) 1 Nottm For (0) 0
Muhren 31,060
Winners meet Everton or Manchester City

Wolves (1) 3 Middlesbro (0) 1
Eves Hodgson
Richards 40,524
Bell
Winners meet Tottenham

Second division

Bristol C (0) 1 Grimsby (1) 1
Tainton Cumming
6,861

Fourth division

Darlington (0) 0 Lincoln (0) 0
2,336
Tranmere (1) 1 Bradford C (0) 1
Jackson (og) Campbell (pen)
1,300

LEADING POSITIONS

	P	W	D	L	F	A	Pts
Southend	37	25	5	7	62	23	55
Lincoln	36	20	12	4	58	20	52
Doncaster	36	17	9	10	46	31	43
Mansfield	35	18	5	12	47	31	41

THIRD DIVISION: Chesterfield v Swindon Town—postponed.
WELSH CUP: Semi-final round: Wrexham v Swansea City—postponed.
SOUTHERN LEAGUE: Midland division: Bromsgrove Rovers 1, Taunton Town 0; Minehead 2, Alvechurch 1.
NORTHERN PREMIER LEAGUE Cup, third round, second replay: Witton Albion 1, Runcorn 2.
ISTHMIAN LEAGUE: First division: Kingstonian 1, Wembley 3.
All other matches postponed.

Lord Westwood steps down twice

The Football League confirmed yesterday that their president, Lord Westwood, is resigning after the League Cup final. His resignation will take effect from Monday and Bob Lord of Burnley will carry on as President until the annual general meeting on June 5.

Lord Westwood, aged 73, has been president since 1974. He was not intending to seek reelection this year but he informed the management committee at last weekend's meeting in London that he wished to retire at an earlier date.

Lord Westwood has tendered his resignation from the board of directors at Newcastle United with effect from next Monday, the date he will officially hand over.

Jack Dunnett, the former Brentford and current Notts County chairman, is the favourite to take over permanently in June.

Lord Westwood said: "My letter of resignation is already with Newcastle United. There is no animosity. I wish Newcastle every success in getting out of their present predicament, but I feel there is a need for younger blood on the board."

It is understood that Lord Westwood, Bob Rutherford and Dr David Salkeld have resigned because of a request that each of the eight directors put in £15,000 to help the club in their financial crisis. Debts are understood to be nearing £1m. Three local businessmen are expected to be coopted on to the board in the next 24 hours, with the vice-chairman, Stan Seymour, taking over as chairman from Mr Rutherford.

Woman steps up

Aston Villa have appointed the first female commercial manager in the first division. Birmingham-born Susan Walker, aged 33, who joined the club five years ago as assistant to the former commercial manager, Eric Woodward, is now in charge of a department with an annual turnover of more than £500,000.

City are expected to make home advantage count

Joe McBride is set for his first game in two months for Everton in tonight's FA Cup sixth round replay at Manchester City. McBride, replaced by O'Keefe 10 games ago, is favourite to return because O'Keefe is suffering from influenza.

Gary Stanley is also in contention for a place. Everton are forced into another change, the full back Bailey returning after a two-match suspension to replace Ratcliffe, who was sent off in Saturday's 2—2 draw for butting City's Hutchison.

City's manager, John Bond, fields an unchanged team. He has tried to defuse the tension and concentrate his team's thoughts on Wembley. "In a one-off situation, I think we are capable of beating anybody", he said. "And if we got through I also believe we can beat either Ipswich or Nottingham Forest in the semi-final."

Power, City's captain, has recovered from a groin strain and Ranson has been passed fit after a test on an injured knee. Mr Bond has to decide between Saturday's substitute Henry, Buckley or Bennett as twelfth man. He feels that drawing at Goodison Park was the hardest part, and said: "We have home advantage now and if we do not make the best use of it it will be our own silly fault."

England make three changes for their European youth championship qualifier against Northern Ireland in Belfast tonight. The captain, Paul Allen, is out because of West Ham's League Cup Final on Saturday; the Tottenham full back, Pat Corbett, has returned to his club with an injury; and Bobby Barnes, of West Ham, is relegated.

England, who go into the match with a 1—0 lead gained in the first leg last month, have called up Mike Bennett, of Bolton Wanderers, to replace Corbett; Tony Finnigan, of Fulham, for Allen; and Terry Connor.

TEAM: Kite (Bristol Rovers), Phelan (Burnley), Bennett (Bolton Wanderers), Gibson (Birmingham City), Hawker (Birmingham City), Finnigan (Fulham), Brooks (Crystal Palace), Handysides (Birmingham City), Walters (Aston Villa), Connor (Leeds United), Walsh (Charlton Athletic).

Today's football and other fixtures

Kick-off 7.30 unless stated

FA CUP: Sixth round replay: Manchester City v Everton (7.45).
FIRST DIVISION: Tottenham Hotspur v Stoke City (7.45).
SCOTTISH CUP: Fifth round: Morton v Clydebank.
SCOTTISH PREMIER DIVISION: Airdrieonians v Kilmarnock.
SCOTTISH FIRST DIVISION: Dundee v Dumbarton; Falkirk v Motherwell; Stirling Albion v Hamilton Academicals. Postponed: Dunfermline v Berwick Rangers (pitch waterlogged).
SCOTTISH SECOND DIVISION: Alloa Athletic v Albion Rovers; East Fife v Stranraer; Forfar Athletic v Cowdenbeath; Montrose v Stenhousemuir.
EUROPEAN YOUTH CHAMPIONSHIP: Qualifying round, second leg: Northern Ireland v England (in Belfast, 3.0).
WELSH CUP: Semi-final round, first leg: Hereford United v Newport County.
ALLIANCE PREMIER LEAGUE: Barnet v Bangor; Maidstone v Bath City.
SOUTHERN LEAGUE: Midland division: Milton Keynes v Cambridge City; Wellingborough v Banbury. Southern division: Dover v Addlestone and Weybridge; Fareham Town v Folkestone.
NORTHERN PREMIER LEAGUE: Burton Albion v South Liverpool; Grantham v Worksop.
REPRESENTATIVE MATCH: Southern Amateur League v Southern Olympian League (Abbey National, Kenton, 4.0).
OTHER MATCH: Wokingham Town v Crystal Palace XI.

Rugby Union

HOSPITALS CUP: Final: The London v St Mary's (at Rosslyn Park, Roehampton, 2.30).
BRITISH POLYTECHNICS CUP: Final: Bristol v Polytechnic of Wales (at London Irish, Sunbury, 3.0).
BRITISH COLLEGES CUP: Final: Borough Road v Jordanhill (at Alsager College, 4.0).
CLUB MATCHES: Abertillery v Penarth (7.0); Bristol v Clifton (7.0); Ebbw Vale v Newport (7.0); Rugby v RAF (4.0); Sale v Sheffield; Tredegar v Pontypool (7.0).
REPRESENTATIVE MATCH: Sussex v United Banks (at Eastbourne, 3.0).

Hockey

UAU CHAMPIONSHIP: Final: Loughborough v Manchester (at Sheffield University, 2.30).
TOURNAMENTS: Inter-Services championships (at Aldershot).
LONDON LEAGUE: St Albans v Oxford University; Slough v Cambridge University.

Kempes goes back to Argentina

Valencia have sold Mario Kempes, the Argentine World Cup player, to River Plate, of Buenos Aires, for \$3.5m (£1.6m). Rafael Aragon Cabrera, the River Plate president, said the transfer depended on a medical check-up, but he hoped Kempes would be making his first appearance for River Plate on March 18 in the Liberator's Cup. Valencia bought Kempes for \$700,000 five seasons ago.

Gordon Jago, the Tampa Bay Rowdies manager, returns to the United States today after buying three players for £250,000. Mr Jago went back to his old club Millwall yesterday and agreed terms of £150,000 for the midfield players Mehmet and Kinsella.

Earlier he had signed Birmingham City's former England striker, Worthington, on a "purchase-repurchase" agreement for £100,000. Worthington will join Mr Jago at the end of the season. Mehmet, aged 20, is an England youth international. Kinsella, a year younger, has won under-21 honours with the Republic of Ireland.

Last season, Mr Jago was reported to have offered £1m to Millwall for Mehme, Kinsella and O'Callaghan. O'Callaghan later signed for Ipswich Town for £300,000. This season Millwall, struggling to survive on meagre gates in the third division, have been forced to sell Towner and Seasman to Rotherham United for a combined fee of £185,000 and Lyons to Cambridge United for £100,000. Since the new manager, Peter Anderson, took over, he has sold Coleman to Colchester United for £15,000.

Mr Jago has also signed Billy Sweetzer, a full back from the Spartan League team Bracknell Town.

Alfie Conn, the former Tottenham Hotspur Celtic and Rangers striker, has signed for third division Blackpool on a free transfer from Hearts. Conn will make his first appearance in the home match against Plymouth Argyle on Saturday. He also intends to play in the United States at the end of the season.

Iranian troops against a background of blazing oil installations at Khorramshahr.

The fight to the finish Iran could regret

It is looking increasingly likely that the war between Iran and Iraq will end and neither with a bang, as some had feared, nor with a whimper, as some had hoped. The two sides remain locked—for the time being—in military stalemate. The attempt by the Islamic nations to put together a formula for a ceasefire seems to have foundered on Iranian insistence on a fight to the finish against what Tehran sees as Iraqi aggression.

The proposals put forward by the Islamic conference, under the leadership of its General Secretary, Mr Habib Chatti, included a ceasefire, and the withdrawal of Iraqi troops from Iranian territory, followed by the referral of territorial disputes to arbitration supervised by the Islamic conference itself.

On the face of it, this is acceptable to the Iranian side, which has maintained all along that no negotiations can begin until Iraq pulls back its forces. The moderate forces in Iran, headed by President Bani-Sadr, at first hinted that the Islamic proposals might form the basis of a ceasefire agreement.

Both the Iranian moderates and the army—of which President Bani-Sadr is commander-in-chief—clearly realize that the chances of an Iranian military victory are remote. The offensive launched just over two months ago, on the President's initiative, was a conspicuous failure. The agreement between Iran and the United States over the hostages question has not so far led to a resumption of American arms supplies to Iran. It follows that if Iran is unlikely to win victory on the field, it had better prepare for peace, and the Islamic proposals offer Tehran the best terms it is likely to get.

What seems to have sunk moderate hopes is the fact that the hardline Islamic clergy, who retain their hold on the levers of power in Iran, will not accept any solution which smacks of compromise.

Under pressure from the hardliners, President Bani-Sadr has had to backtrack hastily, and to assert that he is as ready as any other Iranian patriot to fight to the end. Clashes between his moderate supporters and fundamentalists have spilled on to the streets, with one of the principal hardliners—the Ayatollah Khalkhali—going so far as to demand that the President be put on trial for "treason".

The ascendancy of the hardliners in Tehran is almost certainly a disappointment to the ruling Baath Party regime in Baghdad, headed by President Saddam Husain, who laid down Iraqi conditions for a ceasefire two months after the war broke out. He wants the Iranians to recognize Iraq's "territorial rights", and to renounce the use of force as a means of resolving disputes.

His aim has been all along to "teach Iran a lesson" on behalf of the Arab world as a whole, and to contain the fundamentalist revolution of the Ayatollah Khomeini within Iran's borders. But the war has not brought Baghdad decisive victories. On the contrary, Iraqi forces are now tied down along a lengthy front line, and have still not taken strategic towns such as Abadan, Ahwaz, Susangerd and Derful.

President Husain would probably welcome the chance to pull back his troops, and to refer issues such as the use of the Shatt-al-Arab waterway to an Islamic commission.

As it is, continuing Iranian refusal to contemplate a compromise would seem to leave the Iraqi president little choice but to push for a military victory after all.

So far Iraq has committed only two thirds of its armed forces to the war, with one third left behind for internal security. The potential challenge to the Baath regime draws both on grievances among the Kurdish minority, and on possible disaffection among Iraq's Shia Muslim population.

While the Baghdad regime is Sunni-dominated, Shi-ites form over half the population of Iraq, and Baghdad has feared all along that some of its subjects might sympathize with the Shi-ite revolutionary regime in Tehran.

The Iranians may be calculating that by refusing to talk peace, they can force President Husain into an all-out commitment to the war. If he fails, the argument runs, his position would be fatally weakened at home not least within the Baath Party; and in any case, diverting troops to the front line will relax the Iraqi grip on internal dissent. The main flaw in this scenario is that it probably under-estimates President Husain's astuteness and the capacity of his troops, and almost certainly over-estimates the degree of opposition to his rule.

If that is the case, the time could come when the fundamentalists regret that they did not heed the moderates' advice and take the chance for a reasonable settlement when it was offered to them.

Richard Owen

David Blake, Economics Editor, assesses the Budget that could push output down and lose yet more jobs

Is there another tunnel at the end of the tunnel?

Lovers of roulette will know that there is one "sure way" to lose money. If you lose when you bet on evens, double your stake and hope that it comes right second time around. That is exactly what Sir Geoffrey Howe did yesterday when he presented his Budget to the House of Commons.

Last year, Sir Geoffrey unveiled a medium term financial strategy which he claimed would pave the way to sustained growth and low inflation. In the year since that policy was announced, we have seen a drop in manufacturing output even steeper than that of 1929, money supply wildly above target and recession forcing the level of public borrowing £5,000m above the level which the Chancellor thought prudent last year.

Yet not merely has the Chancellor not drawn back from the policy which produced these consequences; he has driven on as hard as he can.

At a time when unemployment is rising, taxes have been raised and spending has, he hopes, been cut. That is deflation by any normal use of the term. Why, then has he done it?

The answer is twofold. The first is just consistency. The Government has clearly been shaken by public suggestions that it is in process of carrying out a major U-turn in its economic policy. Falling inflation is the one success of the policy to date and governments tend to get obsessed with not losing what they have gained.

Everything has thus been subordinated to producing a set of figures which can be made to look at least reasonably consistent with the strategy outlined last year.

The second reason for his action is that he and his colleagues have convinced themselves that the traditional economic laws relating fiscal changes to the real economy just do not hold any more. Instead, they now believe that things work in the opposite direction. By cutting borrowing, the Chancellor hopes to make room for cuts in interest rates. This in turn, he hopes, will get the exchange rate down to a level where industry can once again compete in world markets.

Instead of an unhealthy, false growth in output, we shall have a natural recovery with the private sector leading the way. Lower inflation will follow from the lower level of public borrowing and slower growth of the money supply. This will boost confidence and thus increase spending, increasing demand.

It would be nice if the world worked like this, just as hydraulic engineers would find it convenient sometimes if water flowed uphill. But it doesn't. The impact of the Budget will be to push output down and unemployment up. This will increase public borrowing, thus putting the pressure on the Chancellor to have another restrictive Budget next year.

One sign of the way in which this vicious circle operates can be seen by comparing the figures in the latest version of the medium term financial strategy with those published last year. In 1980 the Chancellor held out the promise that by 1983-84 he would be able to give away £3,500m a year in tax concessions (a fiscal adjustment, as the Treasury primly called it). In today's prices that is about £4,000m.

The latest statement from the Chancellor shows just how fast that prospect is receding; the tax cut is down to £2,000m even though the Government has increased the proportion of national income it is prepared to borrow.

The forces which have produced this state of affairs will be more severe as a result of the latest Budget, not easier. Sterling's strength has meant that the goods we buy in the shops have been cheaper which pushes up living standards in the short term but bankrupts companies in the medium term. Cutting demand will make sterling stronger, not weaker, just as it has done on every occasion since the War when deflation was introduced to cure a balance of payments crisis.

Public spending is now a higher proportion of national output than at any time since 1976-7; the extra unemployment caused by the latest measures will make that spending grow. There is no reason to believe that the latest promises of falling spending will turn out to be worth any more than the promises we had last year. A government which has to put out a special supplement at the same time as it publishes a White Paper to revise its spending estimates upwards does not have much grip on where it is going.

The shortfall in tax revenues which is beginning to appear will get worse as people lose their jobs. Those in employment will pay more income tax; but many people will be paying less because they will have no income to tax.

The Chancellor is quite right to assert that the balance in the economy over the past year has been badly wrong. But for all the disclaimers about the limits to Government, such a balance does not happen by chance. It happened because the Government chose to put the squeeze on industry to get inflation down.

This year the squeeze is being applied to the rest of us on grounds which smack more of equality of misery than providing anyone with a positive benefit. After holding his colleagues in line for the first two years by discerning light at the end of the tunnel, the Chancellor is now ensuring that at the end of the tunnel there is another tunnel.

Perhaps the best comment on the situation came from a surprising quarter some time ago. "While the Prime Minister and colleagues talk only of 'recovery' based on North Sea oil revenues, the state of Britain's real economy is appalling. "Industrial production in Britain has this year been falling at an annual rate of over three per cent. Gross domestic product was lower than a year ago. There is no sign of a recovery of aggregate investment and unemployment is still rising. The Government seems uncertain about the handling of the exchange rate and unable to prevent sharp and disturbing changes in interest rates and the money supply."

Apart from the fact that the drop of manufacturing output of only three per cent looks like heaven, that is a pretty good statement of what has gone wrong to date. And how easy must have seemed to put right when Sir Geoffrey Howe wrote that in *The Right Approach to the Economy* in 1977.

The Chancellor and two gurus of monetarism, Professors Hayek and Friedman.

The shortfall in tax revenues which is beginning to appear will get worse as people lose their jobs. Those in employment will pay more income tax; but many people will be paying less because they will have no income to tax...

Bernard Levin defends a much-attacked play at the National Theatre

Conquered by the Romans on the South Bank

I have hitherto kept out of the row over Howard Brenton's *The Romans in Britain*, for two reasons. The first was that I could hardly be expected to take seriously enough to engage them in dispute people who had condemned the play for its nature and contents without risking the disturbance of their prejudices by actually seeing it, and the second was that I had not seen it myself.

I have now solved the latter problem, and I can dispose briefly of the former by pointing out that there is a wide variety of dishonesties in human beings, and denouncing in detail the quality of a play that the denouncer has not seen is by no means the most outrageous kind, nor for that matter the least.

Anyway, I went to see Mr Brenton's play at Sir Peter Hall's beleaguered fortress (I have since read it, too). I was mildly surprised not to find the entrance blocked by hecatombs of those who had died of shock at the horror of it all, nor to be obliged to avert my gaze from scenes of public licentiousness in the foyer, similarly consequent upon the removal of all restraint brought about by the staging of Mr Brenton's work. Yet I cannot deny that I went with a heavy heart. I have not been greatly impressed by the other plays of Mr Brenton that I have seen, and I had no great hopes that he would have abandoned his extraordinary conviction that "fuck" is another word for "comma" (nor has he, incidentally).

Moreover, though a man who has been a theatre critic on and off for many years cannot be shocked, he can certainly be bored. And finally there was the question of the scene that so excited Mrs Whitehouse's prurience; buggery, if I may so express myself, is not much in my line, and this version of it certainly seemed to have frightened the horses. Yet of all the possible responses to the evening ahead that, before it began, I thought I might feel, the only one that never so much as flickered across my mind was the one that I actually experienced: *The Romans in Britain* is a very good play indeed.

It tells three stories, the last two of them simultaneously. The first theme is the one announced in the title; we see the meeting of two utterly different and mutually incomprehensible cultures as Caesar's legions land in a dark and ghostly Britain underpinned by the Druid religion and a powerful family structure. The second and third strands, which occupy the play's second act, are set respectively in Northern Ireland at the present day, and in England in the century of darkness and struggle that followed the end of rule from the dying Rome. These two are woven together with very considerable dramatic skill; scenes from the two hemidramas alternate, even run into one another, as when the bodies of those killed in the savagery of 515 lie in full view of the no less savage struggle taking place in 1981, thus making a simple but telling point about the unchanging nature of violence and its origins.

Nor is Mr Brenton's play only a study in the similarities of imperialism then and now; it is a good deal more subtle than that. In both the Roman conquest of Britain and the Protestant conquest of Ireland a genuinely dominant alien culture was imposed on an indigenous one which continued to resist it, the very resistance being rendered irrepressible by the attempts to crush it. Moreover, although the invaders in both cases deceived themselves and tried to deceive others (including history) as to their motives, they did not bring only rapine and exploitation, and changed the nature of those they ruled into something half-way between them and their rulers. The tragedy below the tragedy of invasion and subjugation lay, and lies, in that truth.

From the outset Mr Brenton faced one very difficult problem; to find appropriate language for his Celts, Druids, Romans and Dark Age Britons. Many historical plays have foundered upon this rock, but Mr Brenton skirts it with ease and grace. Caesar's brutal soldiery speak the eternal language of the "squaddie" (which is where Mr Brenton's curious semantic delusion, referred to earlier, comes in handy, and where even some of those who have bothered to see the play before criticizing it have been caused distress), the villagers talk an earthy peasant patois, free of archaisms, and the Druids speak in strange poetic rhythms which may not represent the way Druids really talked (there can be few in a position to say), but which is certainly convincing:

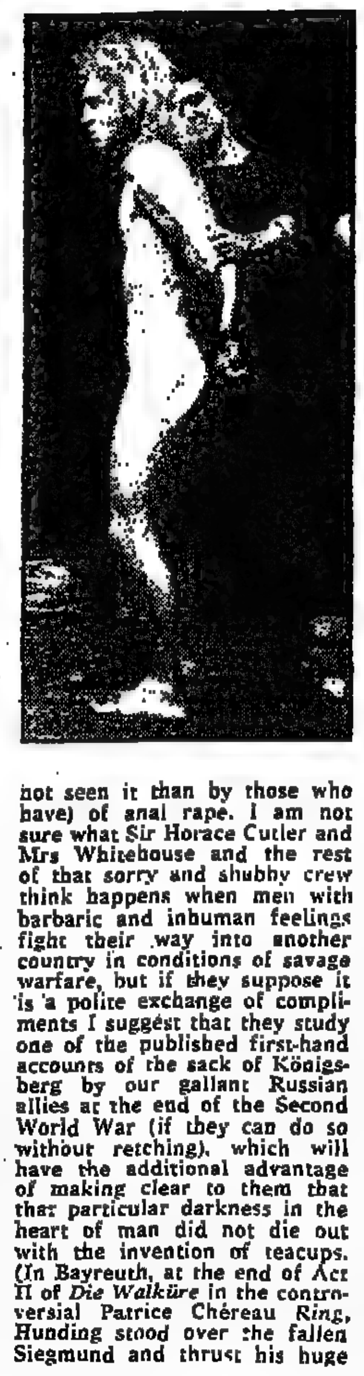
Have you thought why, since we all live beyond the grave, in the sweet fields, the rich woods there, we don't see them more often, the dead? Because of the pain of dying, brother. Which is like a wall. Solid, thick with pain. So the cracks in the wall of death are rare. Tiny. And the life of the dead can only flare through them, for a moment. As they do, in the lights over a marsh.

With this problem solved, Mr Brenton gets to his point. It has been well said that to admire a play with a strongly argued theme it is not necessary to believe what the author believes, only to believe that he believes it. I have no sympathy with the view that the British troops at present in Ireland are imperialist aggressors, but Mr Brenton's conviction that they are is put forward with such fire and honesty, and unfolds with so marked an absence of the shoddy language of propaganda, that it makes that strand of his fabric glow with rich dramatic colours, and blend easily and effectively with the other two. Conjuring up an era that is culturally as well as historically remote is a notoriously difficult task for a playwright or novelist, but Mr Brenton achieves it with great skill and effect; we can see the woods that may contain more than men and animals, feel the indifference of the invaders to the feelings of the invaded, understand the cruelty of a primitive world in which the life of man is indeed solitary, poor, nasty, brutish and short.

Which brings me to the much-discussed scene (discussed much more by those who have not seen it than by those who have) of anal rape. I am not sure what Sir Horace Cutler and Mrs Whitehouse and the rest of that sorry and shabby crew think happens when men with barbaric and inhuman feelings fight their way into another country in conditions of savage warfare, but if they suppose it is a polite exchange of compliments I suggest that they study one of the published first-hand accounts of the sack of Königsberg by our gallant Russian allies at the end of the Second World War (if they can do so without retching), which will have the additional advantage of making clear to them that that particular darkness in the heart of man did not die out with the invention of teacups. (In Bayreuth, at the end of Act II of *Die Walküre* in the controversial Patrice Chéreau *Ring*, Hunding stood over the fallen Siegmund and thrust his huge spear savagely into the hero's body. This was greeted by the Weisshäuser in the audience with cries of outrage and disgust, which moved Mr David Cairns, who was sitting next to me, to ask plaintively "What the bloody hell do they think it's *about*?").

The rape scene is handled with a casual certainty that robs it of all offence except to those determined to be offended and those (assuming that they are in any case not the same people) who have been secretly disappointed to find that it is in no way titillating or salacious, let alone sexually arousing. It is fully justified in its context, written with obvious dramatic and moral honesty, and in any case brief: it is also horribly plausible, which I think settles the argument, and settles it in favour of the author.

That this scene and some swearwords should have led first to the ludicrous and squalid fuss, and third to the GLC's decision to visit financial punishment on our National Theatre (one of the greatest theatrical institutions in the world) for putting on a play which Sir Horace Cutler doesn't like (imagine a theatrical diet consisting only of plays which pass the censorship of a man like that!), is a sad and sorry comment on the febrile silliness of so much of our public life, and on the ease with which that silliness spawns notoriety and even power for those who batten on it, and penalizes gifted and creative men who live by a code of artistic integrity that is as unintelligible to their accusers as was the speech of the Ancient Celts to Caesar's army.



'... the cruelty of a primitive world in which the life of man is indeed solitary, poor, nasty, brutish and short'—a scene from The Romans in Britain.

LONDON DIARY

Fulham keeps its palace for the people

Reluctant though I would be to claim the entire credit for the London Diary—oh all right then, not *that* reluctant—I am delighted to report a happy conclusion to my story last week about Fulham Palace.

Regular readers will recall my exclusive revelations that Hammersmith and Fulham Council had planned to convert the ancient seat of the Bishops of London into offices. The council leased the palace from the Church Commissioners some years ago, with the intention of turning it into a museum and community centre. But after spending £150,000 on restoration, the council decided it could go no further and was ready to ask itself for permission to put the palace to commercial use.

A condition of the lease was that the building be used for the benefit of the people of the borough. But the winds of recession and public expenditure cuts have been blowing cold of late, and it looked as if a wealthy commercial tenant would have to be found.

Since then however, Kim Howe, the leader of the council, has in his own words recognized the concern among residents over the fate of the palace. He and his fellow councillors have therefore withdrawn the application that they made to themselves for a change of use and are considering other alternatives.

Well, that is good news. I just hope that, given the tight financial constraints councils are now obliged to work within, a use can be found for it that will indeed benefit the people of Hammersmith and Fulham.

The other news from Parliament yesterday, which was in danger of passing unnoticed in the shadow of the Chancellor, was that the venerable Lord Boothby, now aged 80, chose Budget Day to fire what he called "almost certainly my last shot in politics". He put down a question in the Lords, yet again, on the gold standard, a subject close to his heart. You have to be of Lord Boothby's generation to remember it.

Sub-standard

British standards in advertising are still liable to alarming lapses. The British Standards Institution itself has just been hauled up for a breach of the advertising code.

The Institution's offence was to offer "one year's updating" with some of its volumes, when all that was supplied was material bringing them up to date at the time of purchase. Since the BSI specializes in minute and technical descriptions to which other people are asked to conform, it is embarrassing to have the Advertising Standards Authority criticizing its inaccuracy in describing its own services.

But the BSI is in good company. The Government too, in the shape of the Home Office broadcasting department, has fallen foul of the code. Their statement that "If you own a TV you are actually required by law to own a licence" was successfully challenged on the grounds that it is permissible to use a television without a licence for showing video films or playing computer games.

More heinous still was the advertisement which British Telecom circulated with their Buzby Club newsletter. It invited children to ask their parents to take out insurance on their pets. Appealing to children to put pressure on their parents is something that not even the odious Buzby is allowed to do.

While they were about it, the Advertising Standards Authority might have awarded a medal for honesty to the hideously named British Telecom; a word cut off in the middle is a curiously apposite title for the telephone service.

Hang it all

I would hesitate to be as rude to one of the world's great art galleries as Timothy Clifford was yesterday. Clifford, director of municipal galleries in Manchester, chose a conference at the V and A organized by the National Association of Decorative and Fine Art Societies to say just what he thought about the nation's premier picture palace in Trafalgar Square.

He waded in with enormous verve, first attacking the National Gallery's colour schemes —"heliotrope and buff walls and Laura Ashley fabrics". Then he had a go at their hanging, which he called "one of the most disastrous examples in England".

Warming to his scorn, the bold Mancunian said the National placed tiny pictures below belly-button level and had "vast areas of terylene" stretching up to the ceilings. Sit on a chair and push it back against a wall, he said, and you go straight through a canvas. It distorted the image the artist wanted to present, and the whole approach was "very, very old-fashioned".

Clifford then showed slides of his own exceptionally wonderful gallery, recently refurbished, with paintings hung in riotous assembly from floor to ceiling. It was good knockabout stuff, especially after a brief incursion into farmyard events at the Serpentine Gallery, when an Arts Council man commented that the manure had now been removed after someone had realized it should have been of the dried variety.

A rather hurt National Gallery confessed to me that, with limited finances available, some of their old wall fabrics did look a bit dingy. Each area was the responsibility of a different keeper, "and some are more successful than others". But the main principle was to give the country's greatest paintings as much breathing space as possible. And quite a lot of thought goes into the psychology of presenting paintings.

So that should put Mr Clifford in the picture.

Weighty moves

Has British Rail, Southern Region, met its Waterloo? A civil servant from the nearby headquarters of the Department of Education and Science reports seeing a typewritten sticker to this effect on the large plate glass doors recently erected at the Victory Arch entrance to Waterloo station.

Erected perhaps, but not yet operating to the satisfaction of either British Rail or its customers. Travellers complain they are so heavy to open that they suspect the whole thing is a scheme to reduce crowding on peak-hour trains by preventing people from entering the station. British Rail point out that if the springs on the doors are loosened too much, they would then be opened by the very north wind they were designed to keep out.

"We are trying to find a happy medium," said the spokesman at Waterloo. "The people who designed this station with its main entrance pointing due north have a lot to answer for." As British Rail's expertise lies more with carriage doors, the problem of the commuter-proof draught excluders is being left to the contractors.

Among motions listed for debate at the annual delegate meeting of the National Union of Journalists later this month is one from the Oxford branch calling for a general strike against Mrs Thatcher's Government. An amendment from the London television branch wants to insert "immediate and everlasting" before "general" and "on full pay" after "strike". Conference standing orders committee is opposing the amendment because of what it calls "utopian meaning".

Alan Hamilton

SPORT

Racing

Master Smudge is more than a blot on a pressman's copybook

By John Karter

You could not blame Arthur Barrow, a Somerset farmer, for thinking that most press men are about as intelligent as a bunch of scarecrows and half as useful. Barrow trains eight horses at Bridgewater and one of these, Master Smudge, has a record at the Cheltenham Festival that should guarantee him acres of coverage in the racing columns. However, it seems that Master Smudge must not only win a Gold Cup but do it jumping round backwards with a 25st. sumo wrestler on his back before he and Barrow receive even a dram of credit due to them.

"Every time Master Smudge wins the newspapers just don't want to know", Barrow says in his wonderfully rich, cidery tones. "It's always a case of what *would* have happened if so-and-so from one of the big stables had not fallen or so-and-so had not had the ground against him."

Barrow has a valid point. If anything, the fact that a small trainer has achieved what he has with Master Smudge is even more remarkable.

Barrow has also had to nurse Master Smudge through a major and a minor crisis in the last 12 months. When the nine-year-old crashed out of last year's Whitbread Gold Cup he tore all the muscles away from his breastbone and Barrow feared that his racing career was over. Master Smudge is made of sterner stuff and a course of swimming and radium treatment restored all his former excellence. A few days before his race at Wincanto, Master Smudge had a poisoned leg "like a gate-post", yet Barrow still managed to produce him to run respectably on a course he does not like.

You have only to look at the horse's record at the Cheltenham Festival to realize the extent of his achievement. Four seasons ago he finished second to Counsel Cottage in the Sun Alliance Hurdle. Two seasons ago he won the Sun Alliance Steeplechase, beating the leading Gold Cup hope Silver Buck into third place. Incidentally, Master Smudge is the only horse to have beaten Silver Buck at level weights over fences. Last season Master Smudge was awarded the Cheltenham Gold Cup after Tied Cottage, the horse who beat him into second place, was found to have been doped.

Curiouser and curiouser, then, why Master Smudge is still quoted at up to 25 to 1 for next week's Gold Cup, specially when the rain that continues to fall is like manna from heaven as far as he is concerned. Last season Barrow was away at market when someone told him that Tied Cottage had been disqualified and Master Smudge had been awarded the Gold Cup. He thought one of his farmer friends was pulling his leg. This year the joke may be on the doubters when he reaps the richest harvest of all.

Saving Cheltenham: The Jockey Club are determined to save the Cheltenham Festival, which seems certain to be seriously threatened with waterlogging. After receiving reports from the clerk of the course and their own inspector they have directed that, if necessary, hurdle races on the first two days may be staged on the old course.

Torrential rain has caused the abandonment of the Stratford-on-Avon meeting scheduled for tomorrow.

STATE OF GOING (official): Bangor-on-Dee: heavy (inspection 7.30 am); Catterick Bridge: soft. Tomorrow: Wincanton: heavy (waterlogged, inspection 10 am); Stratford: abandoned (waterlogged).

Catterick programme

2.15 HORNBY HURDLE (Div I: novices: £710: 2m)

1	0130	Vronsky (CD), G. Gray, 5-12-0 .... Lamb
4	2120	Bustedaway, G. Richards, 5-11-4 .. R. Barry
5	2-00	Colleague, G. Lockerbie, 6-11-4 .. Harrison
6	00	Dalham, J. Wilson, 5-11-4 .... Mrs Rees 7
8	f	French Polly, D. Tucker, 6-11-4 Peerless 7
9	0000	Hope of Oak, J. Charlton, 5-11-4 Bradley 7
11	0	Jarabinda, W. A. Stephenson, 5-11-4 Mr McIntyre 4
12	000	Jubilee Dancer, K. Bridgwater, 5-11-4 Dobbs 7
13	0p	Kerambar, J. Turmerford, 6-11-4 Ruth Hargreaves 7
15	030f	Mount Eaton, J. Leigh, 8-11-4 .... A. Brown
17	0430-	Nosilla, K. Tue, 6-11-4 .... D. Goulding
21	40/	Pit Hill Pete, A. Eatough, 8-11-4 Ratcliffe 4
22	0	Pitera, G. Lockerbie, 5-11-4 .... Balmer 7
24	024/	Royal Gain, K. Bridgwater, 6-11-4 Dobbs 7
25	30	Scalby Suzie, R. Robinson, 7-11-1 Pimlott
26	0p23	Strider Brown, G. Hell, 5-11-4 .... Lamb
29		Warmspun Prpof, G. Lockerbie, 5-11-4 Hawkins
30		Charlie's Sunshine, R. Fisher, 4-10-5 Frdmnton 1
31	000	Pioul, T. Fairhurst, 4-10-5 .... Fairhurst

[illegible]-4 Strider Brown, 7-2 Gay Lucky, 5-1 Scalby Suzie, 6-1 Rn, 8-1 Baker Street, 10-1 Cheltenham, 16-1 others.

2.45 RUDBY HURDLE (4-y-o: selling: £478: 2m)

3.15 PETER VAUX CHASE (Handicap: amateurs: £2,197: 3m 300yd)

3.45 HORNBY HURDLE (Div II: novices: £678: 2m)

4.15 NEWBY CHASE (Handicap: £1,178: 2m)

4.45 GIRSBY CHASE (Novices: £1,156: 3m 300yd)

5.15 GRUNWICK STAKES (NH Flat race: £534: 2m)

14		Belle Isle Walk, N. Crump, 4-11-2 Mrs Gray 4
17		Concannon, C. Wardman, 4-11-2 .. Holmes 7
18	2	Copper Watch, J. Berry, 4-11-2 Ruth Hargreaves
20		Glen Due, W. Storey, 4-11-2 Fiona Storey 7
22		Jimbrook, M. H. Easterby, 4-11-2 Mr Easterby
23		Joe Sunlight, C. Thornton, 4-11-2 Wilkinson 4
24		Little Harry, J. Dodds 4-11-2 .. Mr Craggs
27		Phoenix Prince, J. FitzGerald, 4-11-2 Brennan 7
28	0	Rheinleken, R. Bousfield, 4-11-2 .... Silk 7
30		Strathy, P. Courage, 4-11-2 .... Tarn 4
31		Sussex Surprise, R. Hawkey, 4-11-2 Mr Watson
33		Tamatory, H. Jackson, 4-11-2 .... —
34		Woodside Sylvan, T. Vickers, 4-11-2 Mr Walton

3-1 Copper Watch, 9-2 Joe Sunlight, 5-1 Jimbrook, 6-1 Belle Isle Walk, 7-1 Allen Glazed, 8-1 Lex Kelly, 10-1 Phoenix Prince, 12-1 Master Blaster, 16-1 others.

* Doubtful runner.

Catterick Bridge selections

By Our Racing Staff

2.15 Saldatore. 2.45 Stubbington Green. 3.15 Bregawn. 3.45 Strider Brown. 4.15 Swift Albany. 4.45 Cisto. 5.15 Lex Kelly.

Bangor-on-Dee

2.0 HOLYWELL HURDLE (Selling handicap: £374: 2m 80yd)

2.30 GREDINGTON CHASE (Hunters: Amateurs £784: 2m 70yd)

3.0 LLANYMYNECH HURDLE (Handicap: Novices: £690: 2m 80yd)

8	4140	Sixshooter (CD), A. Rumsey, 6-11-5 Mr Castell 4
12	2040	Miss Purchase, T. Brookshaw, 6-10-12 Brooke 7
14	2/0	Social Contract, B. Palling, 8-10-10 .. Candy
15	f3-41	Ensigns Kit (CD), A. Brisbourne, 6-10-9 Brisbourne
20	0200	Wingelts, T. Edwards, 5-10-6 .... Warner
22	2fp0	Wesley Boat, J. Bradley, 7-10-5 .. G. Davies 7
27	4223	Quistador, M. Chapman, 5-10-3 Charles-Jones 7
29	2003	Go-It-Alone, J. Berry, 4-10-2 .... Carmody
30	00-30	Young Geoff, J. Priday, 8-10-1 .. G. Jones
31	0024	Goldridge, S. Mellor, 4-10-1 .... Carroll
32	3p00	Hodson Hero, R. Fisher, 5-10-1 .. Brownless
33	00f0	O'Down, R. Cambidge, 7-10-0 Mr Cambidge 4
34	0421	Italian Connection, M. Eckley, 6-10-0 O'Hagan 7
37	020	Miss Louise, R. E. Peacock, 4-10-0 Scudamore

11-4 Miller's Court, 7-2 Ensigns Kit, 11-2 Sixshooter, 6-1 Quistador, 8-1 Italian Connection, 10-1 Miss Louise, Goldridge, 12-1 Miss Purchase, 20-1 others

3.30 WREXHAM CHASE (5-y-o novices: £640: 2m 160yd)

1	0130	Foolish Hero, K. Bailey, 11-3 .... Webber

4.0 OSWESTRY CHASE (Handicap: £1,366: 3m 200yd)

4	30f-0	What-a-Woppa (C), Mrs C. Lloyd-Jones, 10-11-1 .... —
6	321e	Spartan Major (B), Mrs W. Sykes, 7-11-0 Morshead
7	1/24	Railway Line, J. Webber, 9-10-10 Mr Webber
8	00ff	Mr Oryx, F. Yardley, 8-10-6 .... Scudamore
9	u03p	Old Bean, P. Brookshaw, 8-10-6 .. Murphy
10	0003	Son and Heir, J. Edwards, 11-10-6 .. Blacker
11	0200	Willy What (B), S. Mellor, 12-10-0 Carroll
15	b-000	This Way, J. George, 10-10-0 .... Candy
16	014f	Vatican Express (B), E. Courage, 10-10-0 Andrews 4
18	40pp	Salviati, J. Dalton, 13-10-0 .... R. Davies
20	1-030	Flittermere, R. E. Peacock, 10-10-0 Webber
21	ff00	Reckle Linn, Mrs P. Rigby, 11-10-0 Mr Phillips 7
22	2f0f	Kalliope (B), Mrs D. Black, 8-10-0 .. Crank
24	b040	Hard and Bitter, Mrs A. Price, 6-10-0 Mr Wilding 7

5-2 Spartan Major, 7-2 Railway Line, 9-2 Mr Oryx, 6-1 Son and Heir, 8-1 Willy What, 10-1 What-a-Woppa, 12-1 Vatican Express, Old Bean, 20-1 others.

4.30 CHIRK HURDLE (4-y-o novices: £345: 2m 80yd)

1	10	Avogom, T. Brookshaw, 11-3 .... Brooke 7
2	040	Barryphilips Disco, R. Whitaker, 10-7 Bowker
4	004	Down to Me, J. Berry, 10-7 .... Carmody
5	00f	Highstream, W. Clay, 10-7 .... Clay
7		Michaelmas Daisy, J. Wilson, 10-7 .. Brough 7
9	000	Saucy Laura, R. Bravington, 10-7 .. G. Jones
10	00	Scrambled, W. D. Francis, 10-7 .... Crank
11	p00	Shady Chaser (B), W. Jenks, 10-7 R. Davies
12	0f0p	Sicilian Gold, M. Chapman, 10-7 Charles-Jones 7

15-8 Avogom, 5-2 Down to Me, 4-1 Barryphilips Disco, 6-1 Scrambled, 8-1 Shady Chaser, 10-1 Highstream, 12-1 Saucy Laura, 20-1 others.

Bangor-on-Dee selections

By Our Racing Staff

2.0 Street Girl. 2.30 Lone Soldier. 3.0 Millers Court. 3.30 Saint Taffy. 4.0 Old Bean. 4.30 Down To Me.

Sports-mad South Africans find solace in the midst of controversy

'Offenders' go on the offensive

At a time when the sporting links of individuals with South Africa are generating a fierce world-wide debate, the country itself is enjoying a boom in international sporting contacts. Rarely, since anti-apartheid bodies overseas realised more than a decade ago that sporting embargoes might force racial change, have South Africa's sports-mad white society had so much international competition to enjoy.

During the past 18 months, South Africa has hosted two World Boxing Association (WBA) heavyweight title bouts, each time unsuccessfully featuring the South African white challenger, Gerrie Coetzee, against a black American.

The contests were staged at different places in the black homeland of Bophuthatswana, proclaimed independent by Pretoria but regarded in international eyes as South African territory. Late last year, the black South African boxer, Peter "Terror" Mathebula, won the WBA flyweight title in Los Angeles and he will defend his title in Johannesburg on March 28 against Santos Laciar of Argentina.

Ironically, Mathebula's title challenge in Los Angeles depended upon the South African Government ignoring its homelands policy as much as the rest of the world does. He travelled to the United States on a South African passport, though as a member of the Tswana tribe—and therefore, under the policy, a citizen of Bophuthatswana—he was not entitled to the South African document. The fact that he would not have been allowed into the United States with a Bophuthatswana passport was conveniently forgotten in the Euphoria which greeted his victory.

The sporting pride of white South Africa, the Rugby Union Springboks, had a golden year in 1980. After last entertaining a leading international touring side in 1976, the Springboks played host in 1980 to the South American Pumas, the British Lions and France, and lost only one of seven internationals played.

Cricket is the sport still deepest in the international wilderness as far as South Africa is concerned, and a measure of cricket officials' desperation is that they will indulge in an academic exercise in the next few weeks and name a Test side for the first time since 1971. Cricket contacts on an individual basis between South Africa and other countries are probably the strongest of all.

Two South Africans, Clive Rice and Mike Procter, are captains of English county cricket sides. Two other South Africans, Alan Lamb and Vintcent van der Bijl, finished top of the English first-class batting and bowling averages last season. Lamb will complete English registration requirements next year and is regarded as having a good chance of earning a place in the England Test team.

Two Argentinians, Guillermo Vilas and José-Luis Clerc, were among international tennis stars who competed in South Africa last year. The American golfer, Lee Trevino, recently won a tournament there after accepting a personal invitation from the South African, Gary Player, to play. The names of top jockeys who have raced in South Africa recently reads like an international Who's Who of professional horsemen, including Lester Piggott, Pat Eddery, Steve Cauthen, Willie Carson, Willie Shoemaker and Greville Starkey. The world professional squash rackets champion, Geoff Hunt of Australia, has visited South Africa annually for several years.

The list goes on and sports officials in South Africa feel that any over-zealous implementation of the black list could well have more serious repercussions for enforcers than for the offenders. —Reuter.

(continued on page 25)

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THE CHANCELLOR'S CONUNDRUM

Sir Geoffrey Howe's third Budget is something of a conundrum. The tenor of it was that we were nearly at the bottom of the present economic cycle and Britain was now poised to take advantage of recovery. We had, in short, dug the foundations and now was the time to build. That is a proposition which would find wide support. The difficulty with Sir Geoffrey's Budget is that it appears to go on digging the hole still deeper. That may, for reasons we will discuss, be a deceptive judgment, but the fiscal measures of the Budget do amount to a further deflation of £3.3bn which would, other things being equal, promise a further reduction in output and an increase of perhaps 200,000 in unemployment.

Success against inflation

Other things are, however, rarely equal in economics and the Chancellor's Budget has to be considered in the wider context of non-fiscal, as well as fiscal, measures. For a beginning he was right, certainly, to stress the successes the Government has achieved in the past year in its central fight against inflation. Pay settlements have begun to show a sense of realism in response to the sharp increase in unemployment. Some good companies have suffered unduly: but many have been able to become more leaner and more efficient. Those who advocated a period of tight restraint as the only way to ease the inflationary pressures have good reason to point to the progress. We are, in this area, a long way from the wage anarchy the Government inherited.

These are the positive achievements of the policy and it would be folly to throw them away in the familiar "Go" reflation for which the Labour Party was clamouring yesterday. To reduce VAT and still further encourage consumption is the kind of crude expansion Milton Friedman has characterized as scattering banknotes from a helicopter. Indeed, the Chancellor was unreservedly right to raise the excise duties. The Thatcher years have been portrayed as years of harshness, and so they have been for the unemployed and for businesses. But for those in work they have been soft years, with private consumption sustained in large part by North Sea oil, at the expense of company profits and investment. Between 1976 and 1981 the rise in private consumption has been at an annual rate of 6.7 per cent of the national income, while fixed investment, the bedrock of future prosperity, has fallen by 2.3 per cent.

The Chancellor, echoing the Prime Minister's frequent warning that the country cannot hope to consume more than it produces, was therefore, in our judgment, making a central point when he emphasized the need for all of us to make sacrifices of individual spending power in the short term to help business provide prosperity in the long term. In this aspect of policy we would only part company with him over the failure to make any adjustment for inflation in the levels of direct taxation.

So there is the hole in the economy. It is to the non-fiscal measures that we must look for the foundations of recovery; and it is here that economic judgment on the Budget must be suspended. The Chancellor has cut interest rates which have been strangling industry, but only by 2 per cent. It does not seem likely that the exchange rate, which he rightly wants reduced, will respond to such a small cut in MLR—indeed sterling rose yesterday after the announcement. What else does he have up his sleeve?

There is no question that Britain would benefit by an increase of productive investment. No one looking at the economy could claim that it exhibits overheating. Unemployment is rising sharply, output has been falling and investment in industry is experiencing one of the sharpest downturns since the war. The Government's difficulty is that it includes public investment in its anathema for "public spending". That is seriously misleading. There is a fundamental difference between government spending on current consumption and investment in the capital programmes of the public sector. The problems which the Government has faced in cutting its current consumption have forced it, like its predecessors, to concentrate its cuts on the capital side. The effects of this have been dire. In 1974, one fifth of all public spending was capital expenditure; last year, the figure was down to one tenth. The volume of spending on some of the basic parts of the infrastructure of an advanced economy has been slashed.

Enemy of revival

These cuts have caused double damage to the economy. Services such as telecommunications which are the lifeline of both industry and finance have been strangled to meet financial targets which have nothing to do with the merits of the case. If British Telecoms was free to raise money for all schemes which are profitable, it would not find itself in the ludicrous position where consumers are queuing to pay for services it is unable to provide.

The second kind of harm which has been done is less obvious but even more pernicious. Cuts in public spending on investment are really cuts in demand for things which the private sector provides. The most obvious victim has been the construction industry, which has suffered greatly from cutbacks in all kinds of public investment and was given some modest assistance yesterday. But there have been many more examples, for example in electronics, or in firms which could have directed their surplus capacity to electrifying the railways.

This is emphatically not an argument for the Government letting its spending roar ahead as part of an indiscriminate stimulus to demand. Government current expenditure is the enemy of revival—yet while current expenditure will show an increase in 1981-82, there will be a further fall in fixed capital formation.

A public investment programme would have a net cost far less than the amount committed to it, for by cutting unemployment it would reduce the fastest-growing and least useful form of public spending—the paying of people to be idle. Nor would increased public investment be inflationary. Demand would be increased but so would the means of satisfying it; and the factories which would produce the goods are in any event working well below capacity. Some kinds of expenditure, indeed, could cut inflation by increasing efficiency. The aging machinery in British industry has been a major cause of inefficiency.

A retrograde "windfall" tax

Public investment must lead the way, for it will provide the vital underpinning to reassure private industry thinking of expanding its output. But the momentum of the recovery will have to be provided by the private sector. The Government took some steps yesterday. There must be a particularly warm welcome for the introduction of a loan guarantee scheme; and a very firm rebuke for the retrograde measure of taxing windfall bank profits. A considerably greater flow of credit from the banks to small and medium business is a prime requirement and it is one of the four strands of non-fiscal policy we hope the Chancellor will develop: a further cut of MLR, a lowering of the exchange rate, and more capital spending are our prime hopes.

If Sir Geoffrey now intends to hand over the course of the economy to automatic pilot, guided only by the primitive compass of monetary aggregates, we are destined for a very rough passage indeed. But there are some indications that, in the learning process in which we are all engaged, the navigator has indeed appreciated the crucial difference between recovery led by consumption which could only lead to a recurrence of severe inflation, and recovery led by investment and exports that is the only salvation for Britain. We hope that is where the Chancellor is guiding us.

FLYING WHISKY BOTTLES

One of the side effects of the budget may be that even more people will clank on and off aeroplanes with plastic bags full of duty-free drink. If so, or even if not, for that matter, the authorities should take another look at this archaic absurdity. As correspondents to *The Times* have pointed out, it is very difficult to make sense of the fact that international airlines use their precious capacity to ferry tons of drink around the world, thereby adding to their fuel bills, inconveniencing passengers, and adding slightly to the dangers of flying. The pilots do not like it. Many airlines do not like it. Some passengers do not like it.

The system is a relic of the days when ships were allowed to take duty-free stores for consumption outside territorial waters and were then, as a special concession, allowed to bring home the leftovers. For a while the romance lingered on into air travel but it has long passed away. There is now not the slightest reason why every modern air traveller should be entitled to a duty-free allowance on top of whatever he may drink on the journey. Probably the system cannot be abolished altogether because of the very substantial revenue it brings to airports but it could be modified so that purchases could be made at the point of arrival instead of departure.

This would, of course, be even more absurd than the present system, and would sever almost every last link with the history. Why, it would be asked, should everyone arriving from abroad be entitled to a special prize in the form of an allowance of slightly cheaper drink? But that is, in effect, what happens now, so if the whole system cannot be abolished it might as well be adjusted to reality.

There do not seem to be any insuperable legal difficulties. Section 13 of the Customs and Excise Duties (General Reliefs) Act 1979 says that "The Commissioners may by order make provision for conferring on persons entering the United Kingdom reliefs from duty and value added tax..." There are some other obstacles. Further rebuilding would be necessary at Heathrow, which would cause even battle-hardened veterans of that airport to shudder. Apparently it is also thought that departing passengers spend money more willingly than arriving passengers. But the difference would surely be marginal. The number of people who now arrive at the airport too late to shop would be balanced by the number with hand luggage who would hurry past the shops at their destination. People with checked-in baggage are anyway prisoners of the airport so they might as well serve out their sentence shopping—though one hesitates to suggest anything that would encourage airports to slow down the delivery of baggage still further. Anyway, it would still be possible for small and light goods to be sold in departure lounges.

The real source of the trouble is that duty-free allowances have ceased to be simply a concession to the traveller and become an important source of revenue for airports and airlines, particularly on charter flights. If the whole system were abolished they would have to find their money somewhere else. But transferring sales to the point of arrival would make little if any difference to sales, and the airlines might gain, because they could either carry less fuel or take on extra freight or passengers instead of whisky.

LETTERS TO THE EDITOR

Civil Service implications

From Mr D. G. Layton

Sir, Most fair-minded people will, I am sure, agree that the Government is partly to blame for the civil servants' strike action because it summarily and highhandedly suspended a longstanding and agreed method of determining pay increase without suggesting any alternative, and because it refused to go to arbitration on the unions' 15 per cent claim. Nevertheless, the unions, too, have deservedly forfeited public sympathy by submitting a claim which, in the present extremely difficult economic conditions, is widely and rightly regarded as outrageously large.

The sooner Government and unions leave their entrenched positions in order to discuss in a civilized manner both the present pay increase and methods of determining future increases the better it will be both for themselves and for the country as a whole. I believe that it is up to the Government to swallow its pride and make the first move.

Yours faithfully,
D. G. LAYTON,
33 Cranborne Avenue,
Eastbourne,
East Sussex.
March 9.

From Sir Miles Clifford

Sir, As an old (very old) ex-civil servant I had always supposed that we bore the same fiduciary relationship towards the state, our employer, as do members of the Armed Forces and the police and that affiliation to a trades union—much less the threat of industrial action—was both inappropriate and unacceptable. That such a threat should now be supported by senior officials in the service surpasses comprehension.

I have the honour to be, Sir,
Your obedient servant,
MILES CLIFFORD,
The Athenaeum, Pall Mall, SW1.
March 8.

Tower of London

From Major-General G. H. Mills

Sir, I have been asked by the Body of Yeoman Warders to correct the misleading impressions conveyed by some radio and press reports.

Because of an official dispute of the Civil Service unions the Tower of London was closed to the public on March 9, 1981. This did not affect the prime task of yeoman warders for the last 500 years, which has been to ensure the security of the Tower. To discharge this function on March 9 all the normal security posts were manned by yeoman warders in uniform, including the gates to the Wharf to permit the usual local pedestrian traffic along it.

Contrary to reports, no pickets were operating at the Tower, least of all in uniform, and there were no demonstrations.

I can reassure your readers that yeoman warders fully discharged their security duties today with their usual dignity and good humour, despite the difficult circumstances. They would like your readers to know that they view with the greatest anger and concern any attempt to misconstrue their historic role for propaganda purposes.

Yours faithfully,
GILES MILLS,
Queen's House,
HM Tower of London, EC3.
March 9.

Reporting black unrest

From Mr Alan Toop

Sir, The Vicar of Lewisham (March 6) writes of "the impression given by the sensational press . . . that black young people are anarchic and violent".

It was not, with respect, the sensationalist press that snatched one of my secretaries' handbags at Marble Arch, who "mugged" the lady I sat next to at dinner in Wembley last week, and who fought the policeman who had caught them burgling my next door neighbour's house here in Chiswick.

Yours faithfully,
ALAN TOOP,
43 Netheravon Road, W4.
March 6.

Nationality proposals

From Mr John Major, MP for Huntingdonshire (Conservative)

Sir, It is presumably difficult for editors to check the facts in letters about such topics as the British Nationality Bill; but the facts do matter and incorrect assertions should not be left unchallenged. In this connexion I must state that the "nationality anomaly" claimed by Messrs Emerson and MacDonald in their letter published on March 4 is based on a misunderstanding.

Under the Government's nationality proposals neither Mr Emerson's nor Mr MacDonald's children, if born abroad after the Bill comes into effect, will be able to transmit their citizenship automatically to their children born abroad. Both Mr Emerson's and Mr MacDonald's children would become British citizens at birth—in one case because their mother is a British citizen by birth in the United Kingdom, in the other case because their mother, though born French, is a British citizen by registration in the United Kingdom. But both sets of children will be British citizens by descent and will not be able, therefore, to transmit their citizenship automatically to their children born abroad. So your correspondents are mistaken in believing that the children of the French-born spouse will have privileges in this respect not accorded to the children of the British-born spouse.

I do wish to add, however, that while neither set of children will have an automatic right to transmit their citizenship to their children born abroad, the Bill does provide for such children to have an entitlement to citizenship in certain circumstances. These cover children with a parent working, for instance, with a British firm established in the United Kingdom, and children in families which subsequently return to the United Kingdom to live here.

Yours faithfully,
JOHN MAJOR,
House of Commons.

Consistency in conservation powers

From Professor Richard Quandt

Sir, Trevor Fishlock has reported (March 7) that the recent anti-conservationist attitude exhibited by Americans has damaged their reputation at the Convention on International Trade in Endangered Species. This attitude is the result of a strong American reaction to the past decade of conservationist victories which have led to substantial disregard of cost-benefit analysis in making environmental decisions.

The Endangered Species Act of 1973 says that all new projects *must* give way to endangered populations, and not that they must do so only if the social cost-benefit ratio is perceived to justify project abandonment. We may all agree that zebras, tigers, elephants and whales deserve our protection. But the Act protects *all* species without exception.

Public projects have been halted because of danger to the Furbish lousewort, the whorled pogonia, and the snail darter (in the Tennessee River Valley in which there are 64 other nearly indistinguishable species of darters). There exist about 5,300 species of corals, 4,800 species of sponges, and 50,000 species of mites. The Act's implication that all these species are equally deserving of protection irrespective of cost is absurd and this type of conservationist extremism is in part responsible for the current American backlash even where larger and rarer animals are involved.

Yours sincerely,
RICHARD E. QUANDT,
Professor of Economics, Princeton University,
43 Petherton Road, N5.
March 7.

Battle for the countryside

From the Chairman of the Exmoor Society

Sir, The persistent efforts of Lord Craigton and other peers to obtain powers to conserve open moorland (letter, March 7) are strongly supported by all conservation bodies on Exmoor, but it must be stressed that it is the Government, through its agricultural policy, which is responsible for the ploughing up of the moor. The farmers of Exmoor depend on farming subsidies for 56 per cent of their income so they are almost bound to follow any lead given to them by the Government.

Some restraints on farmers are undoubtably necessary, but they must be accompanied by a change in policy by the Ministry of Agriculture. The farm grants include not only substantial capital sums for ploughing but also payments made annually. It is possible to run many more sheep in reclaimed meadows than on the open moor. As the annual subsidies are paid per animal, more intensive farming leads to larger payments. The subsidies in 1978 totalled £1.3m, compared with £34,000 spent by the park authority on conservation. Thus the ministry is paying for the ploughing of Exmoor while at the same time the Department of the Environment is offering grants to the National Park Authority to prevent ploughing. This basic conflict in central government policy has been recognized by the authority as the root cause of the reclamation.

The Wildlife and Countryside Bill deals with National Parks and can be used as a means of resolving this contradiction in existing legislation. National Park policy must be a combination of the stick and the carrot but we are now feeding carrots to the farmers which are poison to the moorland.

Agricultural policy should be changed so as to give better support to traditional extensive farming which protects the landscape rather than new intensive developments.

Yours faithfully,
GUY SOMERSET,
The Exmoor Society,
Hoar Oak House,
Alcombe,
Minehead,
Somerset.
March 9.

From Dr A. S. Thomas

Sir, The natural vegetation of Britain, from sea level to near the tops of our mountains, is woodland and forest — that fact is now accepted by responsible scientists; but the idea that heaths and moorlands are natural is not yet disembogued and still floats down the Fleet Ditch, as shown by the letter from the noble lords and ladies (March 7).

We are ruled by Parliament, but nature is not so ruled. Our lowland heaths were made by farmers who cleared land for cultivation and our moorlands by farmers who grew crops on them in warm periods and by miners who cut wood for smelting. If nature takes charge, land rapidly reverts to woodland, as shown on the Lullington reserve, created as an example of chalk heath and now scrubby woodland, invaded by alien sycamores and so dense that the nightingales have left the centre for the fringes.

Footpaths no longer used for work are now used for pleasure and it is a joy to see how many walkers use the Southdown Way at all seasons and in all weathers. The barley fields and the sown grasslands give them open views over England's green and pleasant land; the barley is green throughout the winter, but old downland is grey and sere until May. Views for walkers on Exmoor and Yorkshire are best provided by farm crops and farm pastures, and patches of forest will enhance those views.

Yours faithfully,
ARTHUR THOMAS,
Goodings,
Sloe Lane,
Alfriston,
Sussex.
March 9.

Social Democrat policies

From Mr Ian Wrigglesworth, MP for Teesside Thornaby (Social Democrat)

Sir, Your correspondent, Mr W. W. Brewin (March 5), accuses Social Democrat MPs like myself of being divisive if we continue to stand by the pledges we were elected upon at the last general election.

Part of the mandate upon which I was elected comes from the Labour Party manifesto but in addition every house in my constituency received an election address in which I said the following:

The Tory Party has come up with the same sort of glib doctrinal proposals that failed and had to be totally reversed by Mr Heath after 1970. We want cooperation not division. But if we are to continue and accelerate the progress we have made the last thing we want is sharp doctrinal reversals of policy, uncertainty and instability.

So that view, which was the view I had expressed consistently prior to the election, was quite clearly understood by my electorate. I cannot speak for my other Social Democrat colleagues, but all were well known for their opposition to the Labour Party's drift to the left, which has accelerated since 1979.

I have no hesitation, therefore, in claiming that I have a mandate for this Parliament which is compatible with my support for the Council for Social Democracy. It is a quite different situation to that in which a member crosses the floor from Labour to Conservative or vice versa.

Yours faithfully,
IAN WRIGGLESWORTH,
House of Commons.
March 6.

From Mr J. N. King

Sir, The chairman of the Social Democratic Alliance (March 7) has confirmed my belief that the alliance, or any centre party, does not have the policies to lead this country away from further economic decline. He says that "our present tragedy is the result of deep-seated historic, social, economic and political factors way beyond the control of any of our postwar social democratic government." It follows from that belief that there is little any government can do to alter the trend of events.

I certainly agree that government action alone cannot solve all our problems, but the main cause of those problems is more tangible than the SDA suggests; the main cause is excessive public ownership and the associated public spending, taxation and debt. For those burdens, Government alone is responsible and Government alone can, and should, reduce them.

There is no suggestion that the SDA has the will even to try; indeed Dr Haseler does not mention these matters in his letter. He writes vaguely about the "need to democratize our society" and a "process of realignment". Our needs, Sir, are a good deal more specific than that and at least the present Government acknowledges the fact.

Yours faithfully,
JOHN N. KING,
31 Downs Side, Cheam,
Sutton, Surrey.
March 9.

From Mr H. R. La T. Corrie

Sir, Those Labour MPs who object to their former colleagues becoming Social Democrats without seeking re-election in their respective constituencies have a precedent in the late Lord Jowitt.

In the 1929 election Mr William Jowitt, KC, as he then was, was returned as Liberal member for Preston, Lancashire, but only a week after the election he accepted Ramsay MacDonald's invitation to become Attorney General in the second Labour Government, which caused an immediate controversy both at the Bar and amongst the Liberal hierarchy.

Jowitt's reasons for changing are not without contemporary interest. He told MacDonald that those who, like himself, had taken their stand as Radicals "must now consider whether they ought not to render active support to your party as being today the only party which is an effective instrument to carry through those reforms which the country desires".

Bowing to pressure Jowitt decided to seek re-election as a Labour member and was duly returned for Preston without difficulty. As Attorney General he immediately became a knight and the Labour party later made him a peer.

Yours faithfully,
H. R. La T. CORRIE,
Waterperry House,
Wineham,
Henfield,
West Sussex.
March 6.

Withdrawal from Ulster

From Sir Andrew Gilchrist

Sir, In your leading article on Ireland (March 7) you appear to believe that the "Ulster Protestants" might be rendered more amenable to the present course of British policy if they bore in mind that a recalcitrant attitude would lead to a "sensible increase" of political pressures in Britain "for rapid disengagement from the impossible quarrels of the Irish".

Since the exposure of empty threats is a special feature of Irish politics, it might be as well to see whether "disengagement" falls into that category. The test is to define it. As I see it, no threat of rapid disengagement would be efficacious unless it contained provision for two things, the withdrawal of all British forces from Northern Ireland (including—inevitably—those maintained for the general defence of the United Kingdom), and the simultaneous withdrawal of British citizenship from all residents of Northern Ireland.

If it is thought that such a threat, however efficacious it might appear, is—totally lacking in credibility, then we obviously need a credible definition of disengagement. If no such definition can be found, then we might as well stop talking about disengagement as if it were a genuine alternative policy.

Empty threats are meat and drink to Mr Paisley. An earlier Irish Protestant politician drove Mr Gladstone into the humiliating Kilmainham Treaty; this one is equally astute.

Yours faithfully,
ANDREW GILCHRIST,
Arthur's Crag,
Hazelbank,
By Lanark.
March 7.

Royal College of Art resignations

From Sir Duncan Oppenheim

Sir, As someone who served as chairman of the Council of the Royal College of Art from 1956 until 1972 and is at present chairman of a working party, set up by Senate and endorsed by Council, to consider the role of the fine arts in the college, I was surprised and disturbed to read in today's issue (March 7) of your paper that six members of the council had resigned.

I was surprised because my working party was set up pursuant to a comprehensive development plan initiated by the present Rector and agreed to by Council, including (I am told) those now resigning.

I was disturbed because it is stated that the reason for the resignations is the feeling that there should be fundamental changes in the organization and staffing of the college. This implies to me a misunderstanding of the nature of a university and the role of the Council in it, which role in my view is supportive and not to initiate academically or to supplant the Rector in his role vis-à-vis the college, the public and Government.

A new Rector has just been appointed in whom the Council must have confidence to carry out the development plan and such other academic reforms he and Senate may judge to be necessary in the light of the report of the visiting committee or otherwise.

The resignations may reflect not so much a clash of "hard business sense" and "academic whimsy" as a misinterpretation by those resigning of the proper functions of a university council.

Yours faithfully,
DUNCAN OPPENHEIM,
43 Edwardes Square, W8.
March 7.

From Professor Lord Queensberry

Sir, On Saturday you reported that six members of the Council of the Royal College of Art had left over a policy dispute. It is suggested that the academic staff of the college are not prepared to listen to constructive criticism from the Department of Education and Science.

The criticism that we have received from the DES, which was by no means severe, was presented to us last week. How is it possible to say at this stage that we do not intend to pay attention to it? We have not had time, any more than the Council of the college have, to consider it. For the six members of Council to make it an issue for resignation is at this stage absurd.

I believe that the dispute is not to do with the college not wishing to accept any criticism of itself. It is to do with the Chairman of the Council, Mr Stenham, wishing to guide and control the college through Council without taking into account the opinion of the Rector and academic staff. I doubt whether Mr Stenham and most of the lay members of Council have spent six hours in all the departments of the college put together in the last year. To put it bluntly, they have only a minimal knowledge of what goes on in the place.

The significance of the Royal College of Art must be measured by the influence it has on art and design both in this country and internationally. The action that matters takes place in the studios, workshops and laboratories—not in the protracted and, it would seem, acrimonious meetings of the Council. The companies that could be listed where the staff, including the Rector, and graduates of the college are actively engaged in design and product development would dispel any fear that we live in a world of academic whimsy. Let me mention a few: Audi, British Oxygen, Ford, Habitat, Hille Furniture, ITT, Marks and Spencer Ltd, Pilkington Tiles and Wedgwood.

Yours faithfully,
QUEENSBERRY,
School of Ceramics and Glass,
Royal College of Art,
Kensington Gore, SW7.
March 9.

Arts sponsorship

From the Chairman of the Arts Council

Sir, May I reassure Mr Stephen Reiss (February 26) that the Arts Council has no wish to tell anybody "what a tremendous job it is doing". We are entirely content to be judged by results, which is exactly what Mr Reiss requires of us; all we seek to ensure is that the public and the taxpayers are adequately informed of what we are supporting with their money.

Our attitude is fully and sympathetically understood by the major business sponsors of the arts. No question of equal billing with private sponsors arises, and the "gauntlet" exists only in Mr Reiss's fevered imagination.

Yours faithfully,
KENNETH ROBINSON,
Arts Council of Great Britain,
105 Piccadilly, W1.
February 26.

Uniform appearance

From Dr Athol Gallifent

Sir, The general scruffiness of British Rail servants is shared with Post Office workers, *inter alios*, but demonstrates no national characteristic or trend—witness the turnout of British Airways' flight and cabin crews, the Corps of Commissionaires, hospital porters and, of course, the Armed Services.

I wrote three years ago to the British Rail Board about how ill worn were those rather fetching (Hartnell-designed ?) BR uniforms. A senior BR Board official replied to my note politely; he acknowledged the problems but pointed out that the British, unlike the Swiss or the Germans (with whom I had compared our station workers), were not naturally given to wearing uniforms well. This claimed national characteristic will be well tested on July 29 ! The evident fact of the matter is that anyone will wear a sensible uniform (and often a daft one) *if* the discipline is linked to pride in the job.

I am, Sir, yours faithfully,
ATHOL GALLIFENT,
4 Denbigh Place, SW1.
March 7.

Control of pesticides

From Professor L. Broadbent

Sir, Michael Horsnell's article in *The Times* of February 26 fairly represented prevalent views of both the chemical industry and the environmentalists, without endeavouring to resolve their differences of approach.

At least one-half of the food that man grows for himself is lost to his competitors—pests, pathogens and weeds—if one takes into account losses during storage as well as in the field. This is despite the current use of pesticides.

Certainly agriculture, and civilization which is dependent upon it, have "survived for thousands of years without the use of pesticides" but many human beings did not; they died of malnutrition or starvation as so many still do, and yet until the agricultural and medical developments that began in the mid-eighteenth century the world's population was less than a twentieth of today's. Today we cannot sustain adequately 4,600 million people, let alone the 6,000-7,000 million expected in 20 years' time, unless we control our competitors much more effectively.

Nor are synthetic chemicals "a part of man's diet"—they are converted into plant or animal food, are inactivated to harmless residues, or reduced to non-toxic traces before the food is consumed. Much of the work of the EEC in this field is devoted to harmonizing the regulations concerning pesticide residues, thus pooling the information and experiences of the different countries and facilitating trade.

Mr Burke was reported to say that the industry "devotes the minutest fraction of its resources" to eco-toxicological effects. This is manifestly untrue, for approximately 20 per cent of the cost of developing a new pesticide is spent on ensuring that it has no deleterious effects on the environment. He is wrong also in stating that we "fail to control the industry". The three non-statutory (not voluntary) schemes by which pesticide safety, efficacy and distribution are controlled in the UK are effective; these are the Pesticides Safety Precautions Scheme, the Agricultural Chemicals Approval Scheme, and the British Agrochemical Supply Industry Scheme, all of which have the backing of the Government. In addition the codes of practice of the British Agrochemical Association and the National Association of Agricultural Contractors ensure that their members comply with the ideals of the schemes.

Virtually the only groups who might mishandle the chemicals are the farmers and growers, but that they seldom do so today is shown by the few accidents caused by pesticides, some 10-30 a year out of over 2,500 accidents on farms. Amateurs also suffer little: a survey of 20 UK hospitals in 1978 gave 31 garden accidents due to pesticides, in contrast to 1,076 from tools, deckchairs, etc.

Despite all the fears expressed about the deleterious effects of farm chemicals, the health of the inhabitants of the developed world which uses them, and our longevity, have continued to improve and increase during the last forty years. Their effects on our environment, also, are minimal in strong contrast to those of agricultural agronomy or of urban man and his sprawl. The gardener with his spade and the farmer with his plough do far more damage to the environment than the crop protectionist with his chemicals.

Yours faithfully,
L. BROADBENT,
University of Bath,
Claverton Down, Bath.

COURT CIRCULAR

BUCKINGHAM PALACE
March 10: The Queen held an Investiture at Buckingham Palace this morning.
The Right Hon Margaret Thatcher, MP (Prime Minister and First Lord of the Treasury) had an audience of Her Majesty this evening.
The Duke of Edinburgh attended the Memorial Service for the Viscount Amory which was held in St Paul's Cathedral this morning.
The Queen was represented by the Lord Cobbold.
The Prince of Wales was represented by the Hon Edward Adeane.
The Duke of Edinburgh was present at luncheon with Members of the 1975 Club (Chairman, Mr J. Fort) at the Farmers' Club, 3, Whitehall Court, London, SW1.
His Royal Highness, as Patron, gave a Reception at Buckingham Palace this evening for the Air League.
The Duke of Edinburgh dined with the Economics Group of the Reform Club, Pall Mall, London, SW1, and was received by the Chairman of the Club (Mr P. Brown).
Lord Rupert Nevill was in attendance.
The Prince of Wales, President, this morning attended a Council Meeting of the Royal Jubilee Trusts at 8, Buckingham Street, London, WC2, and this evening gave a Reception at Buckingham Palace in connexion with the Trusts.
His Royal Highness, Patron, the Transglobe Expedition, received Rear-Admiral Sir Edmund Irving.
The Prince of Wales dined with the Association of American Correspondents in London at Brown's Hotel, Dover Street, London, W1.
The Hon Edward Adeane and Mr Warwick Hutchings were in attendance.
The Princess Anne, Mrs Mark Phillips, Colonel-in-Chief, The Royal Corps of Signals, visited the Army Apprentices College (Commandant, Colonel M. K. Ryan) Harrogate, North Yorkshire, today.
Her Royal Highness was received upon arrival by the Master of Signals (Major-General P. E. M. Bradley) and, after touring the College, was present at luncheon in the Officers' Mess.
In the afternoon The Princess Anne, Mrs Mark Phillips, visited the Married Quarters at Hildebrand Barracks and viewed a gymnastic display in the Uniacke Barracks Gymnasium.
Her Royal Highness, attended by the Hon Mrs Legge-Bourke and Major Nicholas Lawson, travelled in an aircraft of The Queen's Flight.
Today is the Anniversary of the Birthday of The Prince Edward.

CLARENCE HOUSE
March 10: Queen Elizabeth The Queen Mother today honoured the Master of the Worshipful Company of Gardeners (Mr J. Reddall) and the members of the Court of Assistants with her presence at luncheon at Girdlers' Hall.
Ruth, Lady Fermoy and Major Sir Ralph Anstruther, Bt were in attendance.
Queen Elizabeth The Queen Mother was represented by Sir Martin Gilliat at the Memorial Service for the Viscount Amory which was held in St Paul's Cathedral this morning.
Ruth, Lady Fermoy has succeeded the Hon Mrs John Mulholland as Lady-in-Waiting to Her Majesty.

KENSINGTON PALACE
March 10: Princess Alice, Duchess of Gloucester attended the Presentation of Awards Day of Derby Lonsdale College of Higher Education, at the Assembly Rooms, Derby.
Her Royal Highness travelled in an aircraft of The Queen's Flight.
Miss Jean Maxwell-Scott was in attendance.
Princess Alice, Duchess of Gloucester was represented by Lieutenant-Colonel Simon Bland at the Memorial Service for the Viscount Amory which was held in St Paul's Cathedral, this morning.

Lord and Lady Butler of Saffron Walden much regret they were unable to attend the service held for Viscount Amory yesterday.

A memorial service for Major Hugh Peacock will be held at St Kyneburga's Church, Castor, near Peterborough, on Monday, March 16, at 11.30 a.m.

A memorial service for Gilbert Géas, former managing director of Banque Nationale de Paris Ltd, will take place at noon on Thursday, March 19, at Notre Dame de France, Leicester Place, London, WC2.

A service of thanksgiving for the life and work of George Arthur Loveday will be held at St Michael's, Cornhill, on Tuesday, March 24, 1981, at noon.

Forthcoming marriages

Mr K. Burrows and Miss M. Packer
The engagement is announced between Kevin, only son of Mr and Mrs S. Burrows, and Maryrose, youngest daughter of the late Mr and Mrs A. W. H. Parker.

Mr M. J. Eland and Miss R. Wynn Jones
The engagement is announced between Michael, son of Mr and Mrs George Eland, of Wilmslow, Cheshire, and Rhiannon, daughter of Mr Benjamin G. Jones and Mrs M. Wynn Jones, of London, NW11.

Mr C. Fogden and Miss C. Murch
The engagement is announced between Charles, elder son of Mr and Mrs C. A. Fogden, of Hobbs Farm, Lingfield, Surrey, and Catherine, only daughter of Mrs Phyllis Murch, of Toronto, Canada, and the late Mr Edward Murch.

Mr C. J. Peck and Miss P. A. Clark
The engagement is announced between Christopher, son of Brigadier and Mrs O. J. Peck, of Cranleigh, Surrey, and Patricia, daughter of Mr and Mrs J. F. F. Clark, of Chart Sutton, Kent.

Mr S. R. H. Rice and Miss S. C. Willis Fleming
The engagement is announced between Simon, eldest son of Mr and Mrs Edward J. Rice, of 34 Upper Mall, London, W6, and Susanna, daughter of Mr and Mrs Robert N. Willis Fleming, of The Acorn House, St Helens, Isle of Wight.

Mr P. R. Wilson and Miss G. Goodhind
The engagement is announced between Peter, youngest son of Mr and Mrs R. M. Wilson, of Baledgarno, Inchture, Perthshire, and Gail, youngest daughter of Mrs Barbara Goodhind, of Pollensa, Mallorca, and the late Mr G. H. Goodhind, of Uganda.

Latest appointments

Latest appointments include:
General Sir John Stanier, aged 55, Colonel, The Royal Scots Dragoon Guards (Carabiniers and Greys), to be Aide de Camp General to the Queen, in succession to General Sir Patrick Howard-Dobson.
Major-General E. J. Hellier, aged 53, in charge of administration at United Kingdom Land Forces HQ, to be Colonel Commandant, Royal Corps of Signals.
Major-General P. C. Shapland, aged 57, who retired from the Army in 1979, to be Colonel Commandant, Corps of Royal Engineers, in succession to General Sir William Jackson.

Birthdays today

The Right Rev J. R. G. Eastaugh, 61; Mr David Gentleman, 51; Professor T. C. Gray, 68; Miss Margaret Herbison, 74; General Sir Peter Hunt, 65; Sir Charles Johnston, 69; Sir Fitzroy Maclean, 70; Sir Henry Marking, 61; Miss Jessie Matthews, 74; Judge Miskin, QC, 56; Mr Rupert Murdoch, 50; Mr Peter Walters, 50; Sir Harold Wilson, MP, 65; Sir John Wise, 91.

Luncheons

HM Government
Sir Ian Gilmour, Lord Privy Seal, was host at a luncheon at Admiralty House yesterday given in honour of the Iraqi Foreign Minister, Dr Sa'adoun Hammadi.

HM Government
Sir Keith Joseph, Secretary of State for Industry was host at a luncheon at Lancaster House yesterday given in honour of the Danish Minister for Industry, Mr Erling Jensen.

HM Government
Mr Peter Blaker, Minister of State for Foreign and Commonwealth Affairs, was host at a luncheon at the Hyde Park Hotel yesterday given in honour of Major-General Rao Farman Ali Khan, managing director of the Fauji Foundation of Pakistan.

Lady Mayoress of Westminster
The Lady Mayoress of Westminster gave a luncheon at Westminster City Hall yesterday.

Today's engagements

The Duke of Edinburgh, as patron and trustee of Duke of Edinburgh's Award Scheme, attends dinner given by Blackwood Hodge in connexion with scheme, Ritz Hotel, 8.
The Prince of Wales dines with TUC members, Congress House, Great Russell Street, 7.10.
Princess Anne, as Chancellor of London University, presides at graduation ceremony, Royal Albert Hall, and afterwards attends ecumenical service, Westminster Abbey, 2.
Queen Elizabeth the Queen Mother attends annual general meeting of Queen Mary's London Needlework Guild, St James's Palace, 3.25.
Talks: "Ideals and industry", by Adam Butler, Royal Society of Arts, 8 John Adam Street, 6; "The Spirit of the nation: The City", by Nicholas Goodison, St Lawrence Jewry, 1.15; "Poetry in the remaking", by Roger Garfitt, National Poetry Centre, 21 Earls Court Square, 7.30; "Funding the arts", by Sir Roy Shaw, Music Club of London, Swedenborg Hall, 20 Bloomsbury Way, 7.30.
Lent lecture, 1, by Archbishop of Canterbury, Westminster Abbey, 12.30.
Showing of Eisenstein's *Alexander Nevsky*, with discussion by Oleg Prokofiev, Sir John Lawrence and Meredith Davies, Commonwealth Institute, Kensington High Street, 7.15.
Livery hall open day, Haberdasher's Hall, Staining Lane, City, 1.30.
Lunchtime music: Irene Samuel, piano, St Olave's, Hart Street, 1.05; Auriol Kimber, soprano, David Mason, piano, Bourne Hall, Ewell, 1.10; Richard Townend plays Pachelbel and Walther, St Margaret Lothbury, 1.10; boy singers of Christ's Hospital, Horsham, Holy Sepulchre, 1.15; Juliet Chaplin, piano, St Martin-within-Ludgate, 1.15.
Chairman of GLC pays official visit to Waltham Forest, 10; receives Archbishop of Westminster, County Hall, 6.

Fierce competition by two bidders sends English Delftware prices through roof

By Geraldine Norman
Sale Room Correspondent

Prices for English Delftware hit the roof at Sotheby's yesterday in the first of a series of sales from the Lipski collection. A Lambeth group of two lovers, only 5½in high, dating from the late seventeenth century, was sold for £28,000 (estimate £3,500 to £4,500), a new auction record price for English pottery.

The high prices for that and other most unusual seventeenth-century pieces were caused by the dogged competition between two bidders, an unknown one connected to the saleroom by telephone and Mr Robert Williams, the Bury Street dealer, who is believed to act for a Canadian collector.

The anonymous bidder on the telephone carried off all the most expensive lots, purchasing 22 pieces. It was suggested that the buyer, whose identity is being carefully cloaked by Sotheby's, may be the same enthusiast who carried off the 30 best lots in Sotheby's October sale, having paid the previous auction record of £27,000 for an Astbury-Whieldon pottery group. The bids then were also made on the telephone.

It tends to suggest a new collector in a hurry to secure the best English pottery around. His other big purchases yesterday included a Brislington Royal Portrait plate, probably depicting Charles II, dating from 1685-88, for £26,000 (estimate £2,000 to £3,000); a London "Adam and Eve" charger, dated 1650, for £20,500 (estimate £4,000 to £6,000); a very rare polychrome monteith of the late seventeenth century for £18,000 (estimate £700 to £1,000); and a London plate commemorating the Popish plot, decorated with a group of conspirators, for £18,000 (estimate £700 to £1,000).

His most surprising purchase was a plate dated 1699, catalogued as Dutch, for £70 (estimate £70 to £90). It was cracked, damaged and restored and was clearly not considered by his competitors.

The collection was formed by the late Louis L. Lipski (1914-1979), a Polish architect who was marooned in London on holiday in 1939 and stayed for the rest of his life. He was first attracted to English Delftware by the old tiles he found while restoring bombed houses.

His collection includes about 4,000 pieces and he was working on a scholarly study of dated English Delftware at the time of his death. The book is now being edited for publication by Michael Archer, of the Victoria and Albert Museum.

The museum succeeded in securing three pieces in yesterday's sale, as did the City of Manchester Art Galleries. The Castle Museum, York, bought one piece. No museum could afford the important items.

"The prices he pays remind one of King Farouk buying Fabergé from Wartski's", Mr Williams said of the anonymous purchaser.

A Lambeth Delftware group of two lovers that was sold for an auction record of £28,000 yesterday at Sotheby's, in London.

Memorial service

Viscount Amory
The Queen was represented by Lord Cobbold and the Duke of Edinburgh was present at a service of thanksgiving for the life of Viscount Amory held in St Paul's Cathedral yesterday. Queen Elizabeth the Queen Mother was represented by Lieutenant-Colonel Sir Martin Gilliat, the Prince of Wales by the Hon Edward Adeane and the Duke of Gloucester by Lieutenant-Colonel Simon Bland.

The Dean of St Paul's officiated, assisted by the Bishop of London, who pronounced the blessing, and the Rev Michael Moxon, who led the prayers. Mr Mark Partridge and Canon John Collins read the lessons and Lord Home of the Hirsel gave an address. The Bishop of Derby, the Ven Frank Harvey and Canon Douglas Webster were robed and in the sanctuary.

The Lord Chancellor represented the Prime Minister. The Lord President attended and the Speaker was represented by Mr Bryant Godman Irvine, MP. The Lord Mayor was represented by Alderman Sir Bernard Waley-Cohen and the Secretary of State for Foreign and Commonwealth Affairs by Lady Carrington. Others present included:

Lieutenant-Colonel Sir William and Lady Heathcoat Amory and Brigadier and Mrs R. Heathcoat Amory (brothers and sisters-in-law), Joyce, Lady Heathcoat Amory (sister-in-law), Mr and Mrs Ian Heathcoat Amory, Mr and Mrs Charles Heathcoat Amory, Mr and Mrs Peter Sichel, Mr Allan Sichel, Mr Charles Sichel, Mr James Sichel, Benjamin Sichel, David Sichel, Mr and Mrs David Cavender, Alistair Groves, Henry Groves, Mr and Mrs Michael Heathcoat Amory, Edward Heathcoat Amory, Viscount and Viscountess Garmoyle, the Hon Hugh Cairns, the Hon Patrick Cairns, the Hon Alistair Cairns, Mr and Mrs David Heathcoat Amory, Miss Bridget Heathcoat Amory, Mr and Mrs Martin Jacomb, Mr Matthew Jacomb, Thomas Jacomb, Miss Emma Jacomb, Mr Mark Amory, Mrs Gaynor Heathcoat Amory, Lieutenant-Colonel and Mrs J. Butler, Mr James Butler, Mr Robert Butler.

Ambassadors, high commissioners and other members of the Diplomatic Corps, the Duke of Norfolk, the Dowager Marchioness of Cholmondeley, Earl Ferrers, the Earl of Avon, Earl Fortescue, the Earl of Lauderdale, Earl and Countess St Aldwyn, Earl Waldegrave, the Earl and Countess of Malmesbury, the Earl of Selkirk, QC, and the Countess of Selkirk, Lord Rupert Nevill, Viscount and Viscountess Boyd of Merton, Viscount Bridgeman, Viscount Caldecote, Viscount De L'Isle, VC (Order of St Michael and St George), Viscount Gage, Viscount Hood, Viscount Long, Viscount Ridley (president, Association of County Councils) with Sir Gervas Walker (chairman); Viscount Runciman of Doxford, Viscount and Viscountess Trenchard, Viscount and Viscountess Watkinson, the Bishop of Exeter, Lady Home of the Hirsel, Lady Cobbold, Lord and Lady Adeane, Lady Aldington, Lord Radcliffe-Maud, Lord Harvington, Lord Barnby, Lord Luke, Lord Alport, Lord Auckland, Lord Boyd-Carpenter (Carlton Club), and Lady Boyd-Carpenter, Lord and Lady Carr of Hadley, Lord and Lady Chelwood.

Lord Cullen of Ashbourne, Lord Denham, Lord Duncan-Sandys, Lord Drumalbyn, Baroness Elliot of Harwood, Lord and Lady Fraser of Kilmorack, Lord Gardiner, Lord Gibson-Watt, Lord Glenkinglas, Lord and Lady Gore-Booth, Lord and Lady Greenhill of Harrow, Lord Greenwood of Rossendale, Lord Hill of Luton, Lord and Lady Holderness, Lord Inglewood, Lord Killearn, Lord Lyell, Lord Mackay of Clashfern, QC, Lord McAlpine of Moffat, Lord McFadzean, Lord Margadale, Lord Maybray-King, Lord Moyne, Lord Newall, Baroness Northchurch, Lord Nugent of Guildford, Lord Penrhyn, Lord Poole, Lord Reigate, Lord Renton, QC, Lord Roll of Ipsden, Lord St Oswald, Lord Sandys, Lord Seebohm, Lord Shelmersdale, Lord and Lady Stokes, Lord Strathclyde, Lord and Lady Thorneycroft, Lord and Lady Tranmire, Lord Tweedsmuir, Baroness Vickers, Lord Terrington, Lord Walston of Kendal, Lord Westbury, Lord and Lady Widgery, Mr William Whitelaw, MP, Mr Francis Pym, MP, Mr James Prior, MP, Mr Mark Carlisle, QC, MP, Mr John Biffen, MP.

Mr Michael Heseltine, MP, Mr Patrick Jenkin, MP, Mr Tom King, MP, Mr John Peyton, MP, Mr Julian Amery, MP, the Hon Charles Morrison, MP, the Hon Robert Boscawen, MP (representing the Government Chief Whip), the Hon Diana Makgill, the Hon Peter Brooke, MP, the Hon R. C. Butler (president, National Farmers Union) with Mr J. A. Jackson (deputy president) and Mr Roy W. Watson (general secretary), Sir John Nicholson (commodore, Royal Yacht Squadron), Sir Marc Noble (representing the Chief Scout) with Mr K. H. Stevens (chief executive commissioner) and other members of the Scout Association; Sir Michael Palliser (representing the Diplomatic Service), Lady (Dingle) Foot, Sir Robert Armstrong.

Sir John Palmer (chairman of governors, Blundell's School) with Mr N. Swarbrick (representing the headmaster), Mr R. S. Petty (chairman, Old Blundellian Club) and Mrs Petty and Mr and Mrs Colin Beale, Sir John Langford-Holt, MP, Sir Paul Bryan, MP, and Lady Bryan, Sir Antony Acland, Major-General Sir John Acland (colonel, Exeter University OTC), General Sir John and Lady Hackett, Sir John Prideaux, Sir Humphrey Prideaux, Sir Robin Vanderfelt (Commonwealth Parliamentary Association), Sir John Colville, Sir William and Lady Keswick, Sir Alexander and Lady Spearman, Sir Jasper Hollom (representing the Governor of the Bank of England) with Lady Hollom and Mrs Gordon Richardson, Sir Reginald Murley (Royal College of Surgeons), Sir Percy Rugg, Sir Jeremy Morse (Lloyds Bank), Sir John Llewellyn (British Council) and Lady Llewellyn, Sir Reginald Verdon-Smith.

Sir Ian Percival, QC, MP, Sir Reg Goodwin (National Association of Boys' Clubs) and Lady Goodwin with Mr Rupert Hambro and Brigadier E. G. R. Davies-Scourfield; Sir Peter and Lady Allen, Sir Jack Callard, Sir Harry and Lady Boyne, Dame Elizabeth Coker, Sir Kingsley Collett, Sir Edward Ford, Sir Gilbert Longden, Sir Hugh Wontner, Sir John Tilney, Sir Eric Drake, Sir Peter Studd (King George's Jubilee Trust and Royal Jubilee Trusts), Dame Felicity Peake, Sir Alexander and Lady Ross, Sir David Floyd Ewin, the Agent-General for Quebec, Mrs Enoch Powell, Sir Roger Houssemayne du Boulay, Mr Stanley Martin, Dr Harry Kay (Vice-Chancellor of Exeter University), Colonel W. H. Gerard Leigh (National Council of YMCAs), Lieutenant-Colonel John Johnson.

Mr J. R. Cottle (representing the Master of Dulwich College), the Very Rev C. T. Chapman, Mr Charles Ritchie, Mr Charles Stuart (Christ Church, Oxford) with Dr John Mason, Mr A. D. Thompson (Hudson's Bay Company), Mr A. F. Frayling (Hudson's Bay and Annings), Mr and Mrs David Edwards, Mr Robin Maxwell-Hyslop, MP, the Prime Warden and Clerk of the Goldsmiths' Company, Mr D. J. Gammage (Foundation for Canadian Studies in the UK), Mr W. G. Buchanan (Canadian National Railways) and Mrs Buchanan, Mr R. E. Edwards (London Federation of Boys' Clubs), Mr W. A. Prideaux (City Parochial Foundation) with Mr B. H. Woods, Mr Edward Halliday, Dr Basil Greenhill (director, National Maritime Museum) and Mrs Greenhill, Mr Stephen Kemp (Royal Commonwealth Society), Mr P. G. Gower (Conservative and Unionist Party, Western Provincial Area) with Mr Roy Niles.

Mr J. D. Clarke (president, Law Society), Mr A. L. Goodrich (chairman, Devon County Council) with Mr D. D. Macklin (chief executive), Lieutenant-Colonel J. E. Mivatt (Bath and West Show), Brigadier J. G. Bagnall (London Sailing Project), Mr G. J. Fuller (Medway Cruising Club), Captain R. E. de L. Leathes (Sail Training Association), Mr Robert Heron (Duke of Edinburgh's Award Scheme), Mr Dick Bird (Voluntary Service Overseas), Dr J. L. Gowans (Medical Research Council), Mr B. Lindsay-Fynn (Exeter Cathedral Preservation Trust), Mr John Butterwick (Lazards), Mr Robin Leigh-Pemberton (chairman, National Westminster Bank), Mr P. E. P. Gladwin (chairman, East Sussex County Council), Mrs M. Lochnor (vice-chairman, West Sussex County Council), Professor Charles Handy (warden, St George's House, Windsor).

Mr W. J. Shelton (Coats Paton), Mr D. J. Kelly (New South Wales Office in London), Mr W. B. Duncan (Imperial Chemical Industries), Mr Nigel Vinson (Industrial Participation Association), Mr H. B. Boon (4th Parachute Brigade Association), Mr William Rice (National Association for Maternal and Child Welfare), Mr Garth Pettit (Overseas Development Administration), Mr A. R. D. Rutherford (Grieveson, Grant and Company), Mr R. R. Berkeley (Anton Underwriting Agencies), Mr Roy Flood (Ranfurly Library Service), Mrs C. Haydon (Heathcoat Trust), Miss E. Jansen and the Rev H. I. Jones (Richmond Fellowship), Mr Gordon Hamilton (Darlington Hall Trust), Lieutenant-Colonel A. R. Hanbury-Bateman, Mr and Mrs William Hanbury-Bateman, Mr and Mrs J. H. Perrin, Mr John Profumo, Commander R. E. M. Cole (London Division, Royal Naval Reserve).

Mr and Mrs F. J. Mortimore, Mr and Mrs R. Idris Jones, Miss Ann Parry, Mr E. C. Jones, Mrs B. Morriss, Mr Pieter de Koning, Mr Michael Noakes, Mr and Mrs Peter Adams and representatives of the Sea Cadet Corps, the Apprentices' Associations of the Admiralty Surface Weapons Establishment, Vosper Thornycroft, the Guinness Youth Scheme and many other organizations.

OBITUARY

GARRY MARSH

Character actor of stage and scree

Garry Marsh, the stage and film actor, who died on March 6, aged 78, was among those unfailing professionals without whom the West End stage would be poorer, but who seldom had the parts to fix them in the public imagination.

In his early years, poised and good-looking, he had something of the Owen Nares manner. Later, he could be counted upon to fill his place with the precise character-actor realism that can be under-valued; he had his share of bad luck, including one play withdrawn after a single night.

Born at Richmond, Surrey, in May 1902, as Leslie Marsh Geraghty, he spent his first two theatrical years, from the age of fifteen, with the formidable John Lawson in music hall sketches; he was eighteen when in 1920 (Duke of York's), he joined the cast of *Brown Sugar*. A long line of parts followed, including some with Martin-Harvey in *The Only Way* and *The Breed of the Treshams* (Lyceum, 1921). In 1923 he toured Australasia (he was Mark Sabre in *If Winter Comes*), and he was usually engaged during the rest of the decade in London or on tour; touring for example, as the crook-butler in *The Last of Mrs Cheyney*; and appearing in London and elsewhere in the day's thrillers, such as *The Lure* (Savoy, 1924) and, later, various Edgar Wallace plays. At the Duke of York's (1932), he w Freddy in *Cold Blood*.

He served five war years w the RAF. Afterwards his b work was Sir Michael A truther ("tall, grey-hair handsome") in *Dear Char* with Yvonne Arnaud (N 1952) and Mr Senior in Mich Gilbert's *A Clean Kill* (terion, 1959).

In films from 1930, he rar —as in the theatre—had exceptional part: but what did, and it was a good d was always admirably in k

Robust and balding, appeared in a large number British films between the w and though his film as his st appearances decreased post he is well remembered for sense of sincerity and integ which he brought to suppor roles. In a variety of pa ranging from "good" cha ters such as harassed fat and perplexed police offic to out and out, though at same time somehow sympath villains, he always perfor with total, though unassum conviction.

Among his many charac parts were those in films s as *Night Birds* (1930); *Dre* (1930); *Scrooge* (1935); *H Mon* (1940) and then after war *The Rake's Prog* (1945); *Worm's Eye V* (1951); *Who Done It* (195 *Where the Bullets Fly* (19 and many others.

His two marriages, to A Lawson and to Muriel Mar Harvey, were dissolved.

MR ARNOLD WEISSBERGER

Mr Arnold Weissberger, who died in a New York hospital on February 27 at the age of 74, was a friend and adviser to three generations of Britons in New York.

A theatrical lawyer by profession, he and his lifelong partner the agent Milton Goldman (who survives him) made a speciality of looking after British actors, dancers, playwrights, authors and artists whose work took them to America. Weissberger's clients included Laurence Olivier, Noel Coward, Robert Morley, Orson Welles, Martha Graham, Ethel Merman and more than a hundred others, but it was the British whom he regarded as his special province.

For many of them, the coming of summer was always denoted by the annual Weissberger party at the Savoy, and the coming of December by the unfailing arrival of his Christmas card, always posted in mid-November and always bearing a verse of his own increasingly eccen construction.

Few British actors opening Broadway, few British auth publishing a book in New Y ever had to endure the exp ence without the help of party given by Arnold We berger to celebrate the ev at his apartment on Sut Place.

Born in New York City, graduated from Harvard 1927 and was admitted to New York State bar in 1 He practised with several N York City law firms bef forming his own partners in 1972.

A compulsive collector people, Weissberger was als dedicated amateur photograp and published two volumes pictures taken by him usually backstage or in formance: *Close Up Famous People*. He was pr dent of the Martha Grah Centre, and a trustee of Museum of the City of N York.

THE REV DOUGLAS THOMPSON

The Rev G. H. Gillespie writes:
Hundreds of former British Prisoners of War will recall with gratitude the presence of Douglas Thompson in Camp 70, near the east coast of Italy. His buoyant spirit, friendship and wry humour redeemed days of hunger and low morale.

After a walk round the compound accompanied by his colleague, the Roman Catholic padre, he would settle down to correspondence, interviews (often with those who had received disturbing letters from home), preparation and teaching. Round his bunk would gather a leaders' group, drawn from a number of denominations. Over many months he guided these through courses on doctrine, preaching, prayer and the Bible. He maintained a remarkable freshness considering that his food allowance was not much more than that of the rest of us and that he was without reference bo He had an acute mind touched the lives of a num at the deepest level.

Devoted Methodist though was, his aim was to build oth up in their own traditi When there was no Angli chaplain in the camp he t the Litany in the week and Prayer Book Communion S vice early on a Sunday, foll ing it with morning and ev ing Services in a Free Chu style. At these the singing accompanied by accordi given by the Archbishop nearby Fermo. Thomp shared the preaching with men of all denominations his own sermons were mem able.

In an all-male environm he was on to a winner when announced a course on Christ Marriage. So great was the ponse that it had to be gi again and in the open air.

MR FRANK MERRICK

Mr Louis Kentner writes:—
As a friend and admirer of the late Frank Merrick may I crave your indulgence (and a little of your space) for one or two respects in which your excellent obituary (February 21) notice could be further complemented?

Frank Merrick was a man of perhaps the greatest integrity and probity of character among musicians. He was not only a pacifist but a militant pacifist (if that is not a contradiction in terms) who went to prison during World War I for his conviction as a conscientious objector.

As a concert pianist he espoused the cause of many unjustly neglected composer Arnold Bax; he also perform —perhaps for the first time this country—the little-kno concertino of the Hungari composer Leo Weiner, many others benefited fr the catholic taste and readin to help so characteristic Frank Merrick.

In matters of religion politics he held extreme vie but without intolerance wards those who disagre Thus, Frank Merrick co manded affection by nature, respect by his char ter.

Dinners

HM Government
Lord Carrington, Secretary of State for Foreign and Commonwealth Affairs, was host at a dinner given at 1 Carlton Gardens yesterday in honour of the Iraqi Foreign Minister, Dr Sa'adoun Hammadi.

Carmen's Company
The Lord Mayor and the Lady Mayoress, accompanied by the Sheriffs and their ladies, were entertained at dinner at the Mansion House last night by Lieutenant-Colonel G. E. Clarkson, Master of the Carmen's Company, and Mr J. Wells and Mr C. A. Hart, Wardens. The speakers were the Lord Mayor, the Master, Lieutenant-Colonel F. E. Coxhead, the Senior Warden and Mr Andrew Breach. Others present included:
Lord and Lady Widgery, Sir Peter Baldwin, the Master of the Coachmakers' and Coach Harness Makers' Company and the Master of the Master Mariners' Company.

Royal Television Society
Sir Harold Wilson, MP, was the guest speaker at a fellows and council dinner of the Royal Television Society held at the Arts Club last night. Mr Phil Sidey, chairman of council, presided.

Pipeline Industries Guild
The annual dinner of the Pipeline Industries Guild was held at Grosvenor House yesterday. Dr J. Birks, president, was in the chair and the principal guest and speaker was Sir David Steel. The other guests included:
Mr R. Meyrick, chairman, Sir Austin Pearce, Sir Nevil Macready, Sir Michael Milne-Watson, Mr G. F. I. Roberts, Mr M. J. Lowther and Mr G. A. Foster.

25 years ago

From The Times of Saturday, March 10, 1956
From Our Correspondent
Nicosia, March 9.—Archbishop Makarios was deported today to an unknown destination. Three others were deported with him. One is the Bishop of Kyrenia and the others are Polycarp Ionnides of Kyrenia, form editor of the extreme national and furiously anti-British Ephi eris, which was suppressed 1950, when he was sent to pris for six months for sedition; a Papastavros Papa-Agantheli priest of the Phaneromini Chur in Nicosia

Science report

Medicine: The Pill's price

By Our Medical Correspondent

The price women pay for the reliability (and aesthetic advantages) of oral contraceptives is the risk to their health. Women on the Pill have an increased possibility of suffering brain damage from stroke, of blood clotting in the veins and lungs, and of coronary thrombosis.

Since 1968 the Royal College of General Practitioners has been quantifying those risks in a long-term study of 23,000 women taking oral contraceptives. Their health has been compared with that of 23,000 women using other contraceptive methods. The latest analysis is based on data up to December 1979, with a total of 99,000 woman/years observation on users of oral contraceptives and 139,000 woman/years observation of controls. In the 10 years of the study 249 women have died.

Mortality was 40 per cent higher overall in women who had at some time used oral contraceptives, with the excess deaths almost entirely restricted to the 65 deaths due to circulatory disorders. The mortality rate/100,000 woman years was 29.9 for pill-users and 7.2 for controls, so that the risk of death was 4.2 times higher in women using oral contraceptives than in the other women.

This increased risk did not, however, apply equally to all women. The two important factors were age and smoking. Up to the age of 25 there were no deaths in non-smokers and only a single death in a woman on the Pill who also smoked. In women between 25 and 34 there were 10 death: seven in smokers and three in non-smokers. Between 35 and 44 there were 25 deaths in women on the Pill, 18 of whom smoked; there were five deaths in control women, three of whom smoked. In women aged 45 or more 21 of the 24 deaths were in Pill users, 17 of whom smoked.

These findings are mainly confirmatory of previous research, except that there no longer seems to be any rise in risk with increased duration of use of oral contraceptives; age is the critical factor that accounts for the increased risk with time.

In practical terms, the risks of oral contraception remain very low for women aged below 35. For women aged 35 or more, the risk rises steadily and is around three times higher in smokers.

Lancet March 7, 1981, p 541.

Latest wills

Latest estates include (net, before tax paid):
Bourne, Mr John Kendall, of Louth, Lincolnshire .. £775,648
Bowes, Mr Roger Case, of Ulverston, Cumbria .. £206,001
Burns, Sir Alan Cuthbert Maxwell, of Westminster, colonial administrator .. £55,254
Coker, Mr Alfred, of Wadebridge, Cornwall .. £316,179
Wheeler, Audrey, of Westminster £392,556
Newell, Canon John Philip, of Canterbury, former headmaster of Bradford Grammar School and The King's School, Canterbury £99,888
Park, Mrs Elsie Massie, of Sutton £180,357

Law Report March 10 1981 — Court of Appeal

Short puffs not good enough

Regina v Littell
Before Lord Justice Watkins, Mr Justice Cantley and Mr Justice Hollings
[Judgment delivered March 6]

A person who fully inflates a breathalyser bag to give a negative result by means of short puffs and not by a single breath as he has been directed fails to provide a specimen of breath as required by section 12 of the Road Traffic Act, 1972.

The Court of Appeal, in a reserved judgment, dismissed an appeal by Ronald Arthur Littell against conviction for driving a motor vehicle with blood alcohol concentration above the prescribed limit, contrary to section 6(1) of the Act.

Section 9(1) provides: "A person who has been arrested under section 5(5) . . . may . . . be required to provide a specimen (of blood or urine) for a laboratory test . . . if he has previously been given an opportunity to provide a specimen of breath for a breath test under section 8(7), and either—(a) it appears . . . in consequence of the breath test . . . that the proportion of alcohol in his blood exceeds the prescribed limit, or (b) when given the opportunity to provide that specimen, he fails to do so".

The appellant in person; Mr Justin Phillips for the Crown.

MR JUSTICE CANTLEY said that the appellant was seen driving in a markedly erratic manner and was stopped by a police constable. The appellant smelled of drink, was unsteady and appeared to be under the influence of alcohol. The constable arrested him pursuant to section 5(5) of the Road Traffic Act, 1972, as being unfit to drive through drink and was taken to a police station, and, as was required by section 8(7), was given an opportunity to provide a specimen for a breath test, he agreed to do so.

In accordance with the instructions of the manufacturers of the Alcotest equipment, the appellant was told to inflate the bag in one breath in not less than 10 or more than 20 seconds. The appellant then took 10 short puffs and fully inflated the bag. The result did not indicate alcohol above the prescribed limit.

The inspector did not regard the test as a proper one and gave the appellant further opportunities. In three further attempts the appellant again took short puffs but did not fully inflate the bag. The inspector decided that the appellant had failed to provide a specimen of breath for the purposes of the Act, and accordingly required him under section 9 to provide a specimen of blood or urine for a laboratory test. The appellant provided a specimen of blood, which was subsequently found to have blood alcohol above the limit.

The appellant elected trial by jury and at the Crown Court pleaded not guilty to driving a motor vehicle while unfit through drink, contrary to section 5(1), and to driving when he had a blood-alcohol concentration above the prescribed limit, contrary to section 6(1).

Counsel for the appellant asked the judge to exclude evidence of the blood sample analysis on the ground that it had been unlawfully or unfairly obtained. He submitted that the appellant had not failed to provide a specimen of breath, nor did the specimens he had provided indicate that he was over the limit, and accordingly there was no power under the Act to require him to provide the specimen of blood which it was said was unfairly obtained as the appellant had been warned under section 9(7) that failure to provide a specimen of blood or urine would make him liable to prosecution.

The judge ruled that he had failed to provide a proper specimen of breath for a breath test by failing to inflate the bag in one breath and therefore the evidence of the analysis of the blood test was admissible. Therefore the appellant admitted that charge, and was sentenced. He appealed on the ground that the judge was wrong.

It was now settled that if a specimen of breath was provided which indicated a proportion of alcohol above the prescribed limit there had been no failure to provide a specimen of breath in sufficient quantity to enable the test to be carried out even though the bag had not been fully inflated and had been inflated with more than one breath. Failure to comply with the instructions for providing a specimen of breath could not of itself invalidate the test if the test result was positive: *DPP v Carey* ([1970] AC 1072).

Their Lordships, however, had to consider a situation where the test results were negative. At his first attempt the appellant fully inflated the bag but he did not do so in one breath as instructed. At his subsequent attempts he did not fully inflate the bag. None of his attempts produced a positive result, but it was contended that, as he did fully inflate the bag the first time, he did not fail to provide a specimen of breath as required by the Act. The test proved negative. It was claimed that he did not fail the test, although it was clear from the subsequent laboratory test that the specimen he provided was useless for the purpose of indicating the proportion of alcohol in his blood.

In section 12(1) of the 1972 Act, a "breath test" was stated to mean a test for the purpose of obtaining an indication of the proportion of alcohol in a person's blood. The test for that purpose must be carried out by means of an approved device on a "specimen of breath" provided by that person. By section 12(3) that person had to provide a specimen of breath in sufficient quantity to enable the test to be carried out. The stated purpose of the procedure was not to be ignored. Section 12(3) referred to quantity and not to quality. But if the person provided the quantity he was asked for (one bag full) but, by ignoring the instructions he had been given, provided it in such a way that it was of a quality which did not and could not indicate the proportion of alcohol in his blood and was no reliable indication of whether the proportion of alcohol in his blood exceeded the prescribed limit, had the test contemplated by the Act been carried out? Some would think not, but judicial opinion had not been all one way.

There were powerful dicta on either side in the speeches in the House of Lords in *DPP v Carey* and *Walker v Lovell* ([1975] WLR 1156)—those of Lord Dilhorne on one side and those of Lord Pearson, Lord Diplock and Lord Kilbrandon on the other.

In *Carey's* case Lord Pearson said: "There is an express requirement that the test must be carried out for the purpose of obtaining an indication of the proportion of alcohol in the blood, and it follows that the police officer must be trying to use the device correctly in order to obtain a true indication."

In *Walker v Lovell* Lord Diplock said: "Mere failure by a person on whom a breath test has been carried out to have followed the instructions of the constable . . . is not an offence . . . nor does it constitute a failure to provide a specimen of breath for a breath test within the meaning of section 8(5) unless the result of his departing from those instructions has been to defeat the purpose of the breath test by making it impossible to obtain by means of the Alcotest R/80 a reliable indication whether or not the proportion of alcohol in his blood exceeds the prescribed limit."

In the same case Lord Kilbrandon said: "If too little air is put into the bag, and the crystals do not change colour, the test has not been properly conducted, the conclusion to be drawn from the non-change maybe either that the proportion in the body is less than that forbidden, or that the amount of air exhaled has been inadequate to cause the change to occur, although the forbidden proportion be present. The same is true, *mutatis mutandis*, if the bag has been inflated in short puffs. In such circumstances a constable would be entitled to arrest the motorist for failing to take the test."

Their Lordships agreed with the opinions of Lord Pearson, Lord Diplock and Lord Kilbrandon, which correctly interpreted what was meant by a "breath test" in section 12(1). To hold that a negative specimen of breath provided in the way it was by the appellant in the present case would be to ignore the declared purpose which is part of the definition of a "breath test" in section 12(1). The inspector was right when he decided that the appellant had failed to provide a specimen of breath for the test. Accordingly he was entitled to require the specimen of blood for a laboratory test and the evidence of the result of that test was admissible.

The appeal was dismissed.

Solicitors: Tuck, Director, Metropolitan Police.

£1,000 Premium Bond prizewinners

£1,000 winners in the March premium bonds draw are:

هكذا من الأصل

THE TIMES
BUSINESS NEWS

Closing the Vestey tax loophole, page 19

Stock markets
FT Ind 484.3 higher 0.8
FT Gilts 68.75 up 0.14

Sterling
$2.2285 up 145 points
Index 98.6 down 0.5

Dollar
Index 99.6 down 0.7
DM 2.1050 down 100pts

Gold
485.50 up $8

Money
3 mth sterling 12⅛-12¼
3 mth Euro-$ 16⅛-16⅜
6 mth Euro-$ 16⅛-15⅞

Budget changes offer little relief for industry and the City

By Peter Hill
Industrial Editor

Leaders of commerce and industry last night expressed almost universal dismay at the limited relief which the Budget promises to the corporate sector.

More had been expected than the two percentage point cut in Minimum Lending Rate. Employers had been hoping that the Government would cut the National Insurance surcharge.

After a year of vigorous lobbying, they had also been hoping for more decisive action to bring down energy prices to industry.

The MLR cut led to immediate reductions in bank base rates by Barclays, National Westminster and the Trustee Savings Bank.

Higher petrol and diesel fuel excise duties will place an additional burden on manufacturing industry, already labouring under the deepest recession since the 1930s. Transport costs are likely to rise by 4 per cent.

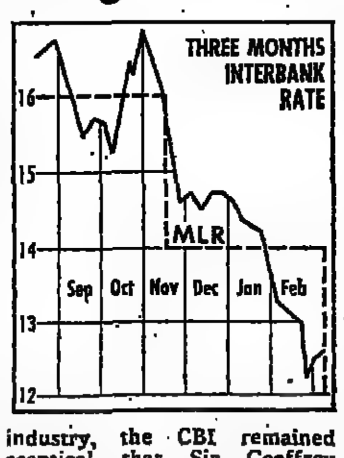
The increases in indirect taxation on wines, spirits and tobacco which formed an essential feature of the Chancellor's deflationary exercise are likely to lead to a reduction in consumer spending hitting High Street traders. Trade union leaders also said that unemployment would continue to rise sharply.

Sir Terence Beckett, director general of the Confederation of British Industry which last week urged the Government to introduce measures to boost economic activity over the next four years, described the Budget as "disappointing".

The MLR cut of four points since November met the CBI's request, but Sir Terence stressed that industry would have liked the cut sooner and that further cuts were needed.

Although the Chancellor had gone some way to meeting employers' calls for action on small firms, energy prices, stock relief and special measures for the construction industry, the CBI remained sceptical that Sir Geoffrey Howe had done enough.

"Otherwise he has done nothing to help business. The deflationary effects of the Budget will offset the benefits of lower interest charges for most of industry", Sir Terence said. He also criticized the scale of the indirect tax increases and windfall profits tax on banks.



Mr Anthony Frodsham, director general of the Engineering Employers Federation said that bad management had meant that the Government had failed to cut down on spending.

Mr Trevor Holdsworth, chairman of GKN and chairman of the British Institute of Management, said that the measures outlined by Sir Geoffrey would not be enough to encourage British industry. "It has not really helped. Not enough risks have been taken—we have to take risks all the time. MLR should have come down by more than 2 per cent", he said.

The Institute of Directors described the Budget as "the best that business could expect" but criticized the failure to increase personal allowances in line with inflation. That, it said, was no way to restore incentives.

Although small businesses were singled out for special treatment, reaction there was cautious. Mr David Dexter, chairman of the National Federation of Self Employed and Small Businesses said: "The so-called small business measures are merely cosmetic, and overall do not contribute one iota to the continuation in business of the existing two million small firms and self employed people."

The cut in MLR is expected to lead to a 1 per cent fall in mortgage interest rates and will be discussed at Friday's meeting of the Building Societies Association council.

The pound ended Budget day on a firm note, since the MLR cut had been well discounted. It closed at 2.2285, nearly 1½ cents up on the previous night's close.

On the Stock Market, the FT index was higher by 0.8 at 484.3. Banking shares were knocked further, with Barclays at one time down by 15p but eventually closing 6p down at 384p. Midland was down 1p at 317p. Lloyd's fell 11p to 384p, and NatWest after initial falls closed 4p up at 352p.

Approval for huge tax and spending cuts sought by Mr Reagan

From Frank Vogl
Washington, March 10

President Reagan today called for swift approval of his radical fiscal policy programme involving the largest tax and public spending cuts advocated by the White House.

He stressed to Congress that last November's elections represented "a mandate for change" from the American people.

The budget for the 1982 fiscal year, which starts on October 1, envisages even bigger spending cuts than those outlined by President Reagan on February 18, when he announced the main features of his economic strategy. It calls for $44,200m (£20,000m) of income tax cuts, $9,700m of business tax cuts and $55,900m of cuts and savings on non-defence Government programmes.

The President asserted in his Budget letter to Congress that "dramatic change is needed or the situation will simply get worse, resulting in even more suffering and misery and possibly the destruction of traditional American values".

The Administration said that full enactment by Congress of its plans would produce swift and substantial improvements in the health of the economy. The budget includes economic forecasts that see consumer prices in 1982 rising by 7 per cent, compared to 10.5 per cent this year and 12.6 per cent last year.

Real economic growth is seen rising in 1982 by 4.2 per cent, after climbing by only 1.1 per cent this year and declining by 0.1 per cent last year.

Unemployment, now at 7.3 per cent, is forecast to reach 7.7 per cent by late this year and fall back to 7 per cent by the end of 1982. For the first time, the new Administration made interest rate forecasts, saying that the three-month Treasury bill rate would average 8.9 per cent next year and 11.1 per cent this year, compared to more than 14 per cent so far this year.

The Budget sent to Congress today replaces the one for the 1982 fiscal year sent by President Carter on January 15. A comparison between the Carter and Reagan Budgets illustrates the major changes in American fiscal policy.

The new administration plans to let total outlays rise by just 6.1 per cent to amount to $695,000m, while President Carter sought increases of 11.6 per cent to close to $740,000m.

President Reagan's budget plan will cut the government's work force by 43,000 from the level envisaged by the Carter budget. The reduction results from a 20,000 increase in Defence-related employment and a cut of 63,000 jobs in all non-defence sectors.

Under the new plan, the percentage of gross national product accounted for by public spending will fall to 22 per cent, from more than 23 per cent last year, and the White House said the level would be down to 19.3 per cent in the 1984 fiscal year.

Despite the big tax cuts and sharp increases in defence spending, the Administration repeated its estimate today of a Budget deficit for the next fiscal year that was $10,000m below the current year's level at $45,000m.

The Administration claimed that its long-term budget plans would see the deficit total halved in the 1983 fiscal year and that there would be a balanced budget in the year after.

Officials leave no doubt that increasing numbers of government programmes are going to be pruned or eliminated. Today's plan for the 1982 fiscal year involves cuts in 283 separate programmes.

Defence is the only main area of public spending where the President is seeking increases over the levels advocated by President Carter. Many defence programmes cover a number of years and the level of budget authority granted by Congress for a fiscal year, which permits the defence department to make future commitments, is more significant than just the outlay level for fiscal 1982.

President Reagan's budget calls for a $26,000m rise in the Carter defence budget to $226,300m. This increase is alone more than offset by reductions of $17,800m in assorted income security programmes and cuts of $11,700m in education and job training.

The administration asserted today that its proposed tax cuts "will generate strong economic improvement and impressive gain in receipts, paving the way for a balanced Budget".

America's largest commercial banks yesterday cut their prime lending rates to 18 per cent from 18½ per cent, and the Federal Reserve Board's market actions suggested a willingness to see interest rates fall further. Wall Street closed 3.76 points down at 972.66.

IN BRIEF

Pop group to sue investment company

Pink Floyd, the pop group, has served a writ against Norton Warburg Holdings the private investment management group and part of Norton Warburg group, alleging a loss of £2.5m through poor investment advice.

In 1978 Pink Floyd recovered £740,000 of £800,000 cash it had provided for Norton's venture capital group. Yesterday Norton Warburg group went into voluntary liquidation with a deficiency of £4.6m of which almost half was owed to small investors whose money was used to finance the group's expansion plans.

Financial news, page 21

Office rents survey

Buenos Aires is the most expensive city in the world for commercial office rents, followed by London and Hongkong, according to a study by International Property Consultants. The annual Buenos Aires rate averages £23 a sq ft, compared to £24 in London.

Nuclear borrowings

Mr David Howell, the Secretary of State for Energy, has laid an order before Parliament to raise his powers of guarantee of borrowings by British Nuclear Fuels, the wholly state-owned nuclear reprocessing group, from £300m to £500m.

ICL contract

ICL has been awarded a £750,000 contract by J. Blackwood and Son, the Australian engineering company to supply computer equipment. The order includes more than 100 video terminals.

Mitsubishi trucks

Mitsubishi will start assembling trucks in Ireland next month. The company has already started exporting parts for knock-down production.

Cable TV trial

British Telecom will start a two year cable television trial this summer among the 16,000 homes already linked by cable in Milton Keynes and Newport Pagnell.

Tin buffer stock

Tin producers told consumers at Geneva discussions on a new international tin agreement that they would make no further concessions on the buffer stock. The United States, the biggest tin user, wants a stock bigger than the 30,000 tonnes accepted by the producers.

Redundancy delay

British Steel Corporation has delayed issuing 1,300 redundancy notices at its tinplate division until March 28 because of its High Court action being taken by workers, at the Velindre plant near Swansea.

Pottery jobs lost

The Dudson Group of Stoke-on-Trent which manufactures pottery ware for hotels is to make 43 redundant at its Hanley factory because of falling orders.

SDR rate

The $-SDR rate last night was 1.22817. The £-SDR was 0.555356.

Bankers angered by £400m tax

By Roman Eisenstein
Banking Correspondent

Clearing bankers reacted angrily to the £400m special tax proposals. Sir Jeremy Morse, chairman of the Committee of London Clearing Bankers and of Lloyds Bank, said "We shall be doing all we can to persuade the Government to change its mind before it is too late."

He said that in discussions with the Treasury, "no serious case for a tax was ever made to us. We were simply told of unspecified political pressures for a tax on windfall profits".

The Chancellor is proposing a special once-for-all tax on all banking businesses with non-interest bearing sterling deposits of more than £10m. The base for the tax is in effect 2.5 per cent on an average of current accounts for the last three months of 1980.

The Chancellor hopes to raise £400m, of which 90 per cent will come from clearing banks. He is thus taking £16,000m of non interest bearing deposits.

Sir Jeremy hinted that the tax would not only be damaging to the banks "but also to our customers and in particular to our industrial customers".

He said that every pound removed from the capital base removed between £15 and £20 from the ability to lend.

On that basis the banks will be able to lend between £6,000m and £8,000m less but demand for loans is now easing off because of the recession.

The tax will not only affect the clearing banks. Because of the limit of £10m on non interest bearing sterling deposits, several smaller and foreign banks will be exempted, but others such as the Trustee Savings Banks are affected.

Most bankers approached yesterday said that they had been going beyond normal prudence in lending to industry.

It is clear that one of the reasons for this policy was to avoid a special tax.

A few bankers were hinting yesterday that they may have to look again at some of the more doubtful industrial loans.

Several bankers echoed Sir Jeremy on the impact which the tax would have on banking activity abroad.

The banks had discussed an alternative scheme related to export credits with the Treasury. The Treasury had proposed that the banks should take over part of the interest rate subsidy on medium term export finance permanently.

The banks, instead of accepting any interest rate subsidy, offered to take over a larger amount of export credits from the Government to reduce the public sector borrowing requirement. But the Treasury rejected this.

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£1,000m index issue delights pension funds

By Richard Allen

The planned issue of £1,000m of inflation-linked Treasury stock for use by pension funds in the private sector received an almost rapturous welcome from the industry.

Mr Henry James, director-general of the National Association of Pension Funds, said last night: "I think it will go like a bomb". Specialists in the gilts market forecast that the new stock would be heavily over-subscribed and would make its debut at substantial premium.

The move to index-linking is thought to be unprecedented among Western governments and reflects a fast response by the Government to last month's Scott Report, which advocated extensive introduction of inflation-linking to the private sector.

The new stock details of which were revealed by the Bank of England last night will be available only to approved pension funds and life insurance companies and friendly societies operating such funds.

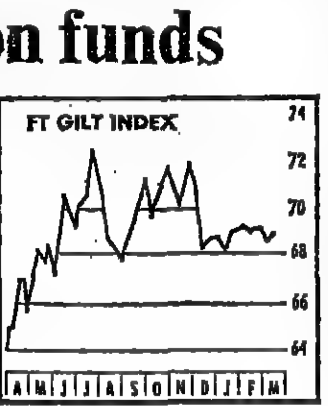
It is to be issued by tender on a partly paid basis. Offering a 2 per cent coupon the new Index-Linked Treasury Stock 1996 will be payable for the first £35 of £100 nominal on tender on March 27. A further £30 will become payable on May 1 and the balance on May 26.

Both the principal and interest on the stock will be indexed to retail prices. The value of the principal on repayment and of each half-yearly interest payment will be related to the increase in the general index of retail prices subject to an eight-month time lag. Thus a payment due in September would be related to the RPI for the six months to the previous January and announced in February.

Representing little more than 1 per cent of government debt outstanding the new gilt medium was seen in the stock market as an experimental move likely to be followed up by further issues.

Mr James stressed that the move should not be seen as an extension of Civil Service-style inflation-linked pensions to the private sector. He said that the sum represented only about 10 per cent of the pension industry's annual cash flow but was, nonetheless, a useful addition to pension portfolios.

Experts in the gilt-edged stock market were betting last night that the new stock could start at a premium of over 5 per cent. One said: "With inflation trending down at the moment the low coupon may not look much against yields available in long-dates, but who knows where inflation will be heading in a few years' time?"



There was, however, criticism that unless other issues followed quickly the new stock could become virtually unmarketable with successful tenderers "locking up" the investment to redemption. But there were also some fears that if the move was extended inflation-linked bonds could drain away investment from other gilt instruments and equities.

Spending to rise in real terms

By Melvyn Westlake

Instead of the reductions in Government spending originally planned for 1980-81 and 1981-82, the total will now rise in real terms.

New plans show a rise of 2 per cent for the year just ending, and a further small increase in the coming financial year, of about 0.3 per cent. But it is still intended to reduce the real level of spending in subsequent years. This should amount to a little over 4 per cent in 1982-83 and 1983-84—the two most distant years of the planning period.

The Chancellor also intends to make a shift in the planning and control of public expenditure which will lead to a greater emphasis on planning in cash rather than volume terms.

This will represent a radical departure in the way that spending decisions have been taken in the past.

Planning in volume terms has meant that decisions have been taken about the number of ships that should be built for the navy, or the number of teachers that should be employed. In future more decisions will be based on the amount of money that should be spent.

To plan in volume terms, spending is calculated in "survey prices", or "funny money" as it has come to be known. In planning expenditure for 1982-83, the Government intends from the outset to conduct its examination and discussions in terms of available cash. It is hoped that this will increase cost consciousness and provide a new discipline over spending.

As part of this change, the contingency reserve will be operated as a cash control. From 1981-82 decisions to increase expenditure during the year will be charged to the contingency reserve, whether such increases arise from higher than expected pay and prices, or whether they result from new items of expenditure.

In the past, only completely new items of spending were charged.

The need for tighter control has been vividly shown by developments in the financial year just coming to an end. In cash terms expenditure on programmes is likely to amount to £94,000m in 1980-81, compared with the Budget forecast a year ago of £91,500m. In the coming year, this will rise to £104,000m. If debt interest is included, the rise is greater.

A substantial part of this year's rise has resulted from increases in the public sector pay bill. The pay increases awarded by the now abolished Clegg Commission alone accounted for an increase of £2,500m between 1979-80 and 1980-81. The recession also has pushed up spending, for example on unemployment benefit and special measures.

The defence budget has also been overspent, and local authorities appear to have spent more than was intended. This overspending has been partially offset by EEC rebates.

However, the Government's hope of holding down spending in next year already looks a formidable task.

Yesterday's annual expenditure White Paper, incorporating the latest spending plans, has already been overtaken by events, and was accompanied by a supplementary document.

New spending decisions since it went to press mean that total cash spending in 1981-82 will be £320m higher than shown.

This means that spending in real terms will now be 3.5 per cent higher in 1981-82 than planned a year ago, although still nearly 5 per cent lower than the previous Government's plans.

Public spending as a proportion of Britain's gross domestic product is expected to reach 44.5 per cent in 1980-81 compared to 41.5 per cent in 1979-80.

This proportion will almost certainly rise again in the coming financial year. Spending has not been as high since 1976-77.

Hopes of cut in fuel oil duty dashed

By Nicholas Hirst
Energy Correspondent

A £168m package of help to industry on energy prices is less than it hoped for.

Particularly regretted will be the absence of any change in the £8 per tonne duty on heavy fuel oil. The National Economic Development Council's Task Force report showed that the cost of heavy fuel on the United Kingdom had been greater than in competitor European countries, although the Department of Energy believes that this disadvantage has now largely disappeared.

Nevertheless, there had been hopes that, as Britain's duty was among the highest in Europe, it could be removed in exchange, perhaps, for a rise in the duty on petrol, which would be spread across a wider section of consumers, and that industry could have taken advantage of the lower prices which might then have become available.

The Chancellor has decided against altering the duty because of the effects this might have had on gas contracts signed with the British Gas Corporation. Because of the way these contracts were worded, a decrease in heavy fuel oil duty could have increased the cost of gas and, the gas import bill.

Elsewhere, having taken industry's point that electricity and gas were being charged to United Kingdom bulk users at greater cost than in some European countries, the Chancellor has eased cash limits.

The British Gas Corporation has had its financing limit (a cash payment of £390m to the Treasury) reduced by £73m to allow it to continue to hold prices of renewable contracts for interruptible supplies to their December 1980 level

The electricity authorities are to offer a new arrangement for customers who can vary their load at short notice and additional flexibility will be introduced into contracts.

On coal, the Government is committing £50m over two years for grants for conversion of boilers from oil burning. Sir Derek Ezra, the National Coal Board chairman, has been pressing strongly for a scheme of this sort to help coal sales.

Determined line on state industries

By Frances Williams

The Government remains determined to effect a turnround in nationalized industry finances, despite the depth and severity of the present recession, which has blown last year's plans for reducing the industries' contribution to the public sector borrowing requirement offcourse.

The public spending White Paper shows nationalized industry external financing falling from an estimated £2,500m in 1980-81 to £50m in 1983-84 (at 1980 survey prices).

This represents a limited strategic retreat on last year's plans in which the Government hoped that the industries would be making a positive contribution to the Exchequer of £400m (1979 survey prices) by 1983-84.

External financing limits for 1981-82—the sums which the industries are permitted to receive in grants on borrowings from outside — total £2,390m, £500m less than the estimated outturn for 1980-81 of £2,891m.

This is despite the fact that the limits for the coming financial year have been relaxed by £73m for gas and £45m for electricity to take account of the costs of the measures to help large industrial consumers.

The external financing limit for the coal industry remains virtually unchanged from £882m announced last November.

But the limit will be revised at a later date to accommodate the cost of averting early pit closures. Extra financial help was promised by the Government as part of the bargain which avoided a national miners' strike.

The main contributors to lower external financing limits in 1981-82 are the British National Oil Corporation, which is to pay £155m more into the Exchequer than in 1980-81; the British Steel Corporation (nearly £400m less in grants and borrowings) and British Rail (£130m less).

The public expenditure White Paper gives no clues on the timing of further "privatization" of nationalized industries, after the sale in February of shares in British Aerospace.

The three existing candidates —British Airways, the National Freight Company and the British Transport Docks Board —as well as the subsidiary operations of British Rail which are scheduled for sale to private buyers are all included in public expenditure figures for the coming year.

The Government has already announced tht there will be no sale of shares in BA this year.

Rolls-Royce rival tries for BA order

By Arthur Reed
Air Correspondent

Pratt and Whitney, the United States jet engine manufacturer, is urging British Airways to scrap a multi-million pound order for Rolls-Royce engines for its new fleet of 19 Boeing 757 airliners and buy a Pratt engine instead.

Although such a decision would cause a political controversy in Britain and the possible loss of thousands of jobs at Rolls factories, British Airway, which expects to lose at least £100m this financial year, is listening closely to the Pratt and Whitney case.

The Americans are offering their 2037 engine as a replacement for the Rolls-Royce RB211-535C which British Airways has already said it will buy to power the 200-seater 757s on order. British Airways and Eastern, the United States airline, were the launch customers for the Rolls-powered 757 18 months ago.

Rolls has just fought off a similar attack by the United States manufacturer on Eastern. The 2037 will not be ready for service for at least two years after its Rolls rival, which is already on test, but Pratt and Whitney is believed to have offered a financial deal which would make the wait worthwhile.

A similar offer recently helped to convince Delta and American, two large United States airlines, that they should buy the 2037 rather than the RB211-535 for the 757s which they have on order.

Rolls came back strongly because of its E4 development of the 211-535 which will be as fuel-efficient as the 2037, the British company claims despite that engine's more modern technology. The E4 and the 2037 should be ready for service at about the same time.

The E4 version was offered to Delta and American, but their rejection seemed to put its future in jeopardy. Then Monarch, the Luton-based independent airline said it would order 757s powered by the E4, and Rolls was back in the running.

Eastern has confirmed that it will fly the first aircraft in its 757 fleet with the early 211-535C, but will change these for the E4 as soon as it is ready.

Rolls is offering a similar deal to British Airways, and this will almost certainly be enough to make the state airline remain in the British fold.

Eastern has ordered 27 Boeing 757s, with a further 24 on option. The order will be worth at least £110m to Rolls.

PRICE CHANGES

Rises

BTR	12p to 402p	Lasmo	12p to 624p
Burgess Prods	4p to 49p	Monk A	3p to 33p
Cons Gold Fields	13p to 443p	Ofrex Group	7p to 85p
Elson & Robbins	2p to 23p	Tube Inv	20p to 212p
Kinross	43p to 587p	Ultramar	12p to 505p

Falls

Barclays	6p to 384p	Manganese Brze	2p to 28p
Hong & Shang	9p to 167p	Scholes GH	8p to 215p
Hutch Whamp	7p to 123p	Sedgwick	8p to 121p
Jardine Math	6p to 167p	Ldn Utd Inv	5p to 203p
Lloyds Bank	11p to 294p	Wigfall H	11p to 174p

THE POUND

	Bank buys	Bank sells
Australia $	1.96	1.83
Austria Sch	34.70	32.50
Belgium Fr	81.75	77.75
Canada $	2.70	2.61
Denmark Kr	15.30	14.50
Finland Mkk	9.45	8.95
France Fr	11.35	10.85
Germany DM	4.84	4.60
Greece Dr	115.00	109.00
Hongkong $	12.10	11.50
Ireland Pt	1.32	1.26
Italy Lir	2350.00	2240.00
Japan Yn	482.00	456.00
Netherlands Gld	5.34	5.08
Norway Kr	12.43	11.78
Portugal Esc	126.00	120.00
South Africa Rd	2.00	1.86
Spain Pta	194.50	185.50
Sweden Kr	10.65	10.10
Switzerland Fr	4.43	4.20
USA $	2.26	2.19
Yugoslavia Dnr	79.00	73.50

Rates for small denomination bank notes only, as supplied yesterday by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

Bringing an end to the ups and downs of sterling

Sweeping powers to cope with any future sharp rise in sterling will be included in the new Finance Bill.

While the Treasury is at pains to point out that the controls are designed to cope with an emergency, their inclusion follows much comment on the need for such curbs after the sharp rise of the pound in the past year.

The measures include the power to ban interest payments on non-resident deposits and to impose a negative interest charge on funds coming into the country after a certain date.

Deposit-taking institutions would be required to place offsetting amounts with the Bank of England.

The emergency measures appear to be similar to those operated in the past by the Swiss. New powers would be needed because it would not be satisfactory to rely on voluntary agreements with the banks.

The regulations would give direct powers to control resident borrowing of sterling from abroad or foreign currency borrowing from abroad by authorized dealers except to finance trade or investment.

Curbs would also apply to non-resident holders of sterling bills of exchange and other monetary instruments.

At the moment inflow controls such as those imposed for a few months of 1971 under Mr Edward Heath can only be instituted by what the Government regards as a number of unsatisfactory devices.

The 1947 Exchange Control Act addressed itself more to the problem of keeping money in Britain than keeping it out. Consequently the Government's direct powers over inflow of funds are relatively few.

The new provisions will bring the United Kingdom in line with the European Commission Council directive of 1972 which requires EEC nations to have adequate powers over outflows and inflows of currency.

It is, however, the recent strength of sterling as a petro-currency with the possibility that an international upheaval would mean a rush into the pound, that has made it essential to augment the 1947 Act.

Margaret Drummond

LETTERS TO THE EDITOR

Measures on energy pricing

From Mr Tim Eggar, MP for Enfield, North (Conservative)

Sir, Your front page article on March 5 on the subject of the National Energy Development Council study of energy prices to industry failed to draw attention to the first conclusion of that report—that over 95 per cent of individual industrial customers pay prices for gas and electricity which are broadly in line with those pair on the Continent.

Your editorial on the same day does fairly represent the contents of the report, but goes sadly astray when drawing conclusions from it. You mention the Government's allegedly rigid policy of relating industrial gas prices to the price of alternative oil products. In fact, the British Gas Corporation has followed this policy under the present and the previous Governments for the very good reason that any other policy would lead to a quite unmanageable demand for industrial gas as oil prices rise. Under *this* Government, full parity with oil has been relaxed to 75 per cent for most customers who have firm gas contracts.

You also refer to the "rigid" policy that the electricity industry should cover its costs. First, if it did not, the shortfall would add to current public expenditure and industry is adamant that we need less, nor more, of that. Second, you fail to point out that the Government has asked the Monopolies and Mergers Commission to ensure that rising costs to the supply industry are not being passed on in prices to the customer where they could be absorbed in greater internal efficiency.

Your statement that gas and *electricity prices are "aimed at* energy conservation" is misleading. Electricity is largely generated in this country from coal, and coal stocks are at the moment at a level which nobody wants to see "conserved". Of course, underpricing gas would encourage the waste of precious, irreplaceable resources but this is not the factor which primarily sets prices. Industrial gas prices are set so that demand can be prevented from outstripping supply.

Exchange rate fluctuations have worsened the price disadvantage of United Kingdom energy users in recent months. For example, in the five months from September 1980, the pound strengthened by 17 per cent against the German mark. However it is surely unreasonable *to expect United Kingdom* energy suppliers to change their prices in line with the exchange rate. There are also real differences in electricity generation costs particularly between United Kingdom and French electricity. The French have a massive programme of nuclear and hydro power which gives their consumers a real price advantage.

It does no good to imply, as I think that you do, that the Government has deliberately ignored a long-standing problem. There have been a series of measures to *help* large energy users since the spring of last year, although their effect has been somewhat undermined by the rapidly rising exchange rate. Further action has been promised and the Government, backed by the National Energy Development Office evidence has taken up with the EEC Commission the possibility that free and fair trade within the Community is being damaged by energy subsidies to some types of user in some countries.

The facts are now reasonably well established and it is time to move from adversarial rhetoric to constructive action to help hard-pressed industry; help which should form just one part of a comprehensive industrial strategy.

Yours faithfully,
TIM EGGAR,
House of Commons,
London, SW1A 0AA.
March 6.

Democracy and the City

From Mr Tony Banks

Sir, Christopher Warman's Business Diary profile on the Corporation of London (February 16) was a well-written and timely piece of journalism. The abolition of the City as a unit of local government remains the policy of both the national and the London Labour parties and will once again become a very live issue if Labour wins the GLC election in May.

Mr Warman very correctly drew attention to the refusal of the City to reform itself, which was one of the main arguments I advanced as chairman of the General Purposes Committee in 1977 when the Labour GLC committed itself to the City's abolition. Most Londoners visualize the City in terms of its pomp and ceremony and in particular the Lord Mayor's Show and have no idea that behind the colourful spectacle is a local government structure which defies all the normal standards of representative democracy.

There are some 5,000 residential voters in the City together with 8,000 business voters. The *business vote—the right to vote* twice or more in an election—was abolished throughout Britain in 1969 except in the City. We are told that the retention of the business vote is a recognition of the great financial contribution made by the City's business community and yet those who advance this specious argument never advocate giving a multiple franchise to the 500,000 or so office workers who daily come into the square mile and who really create its wealth.

In addition to the anachronism of the business franchise there is the outrageous gerrymandering reminiscent of the rotten borough system. When last I examined the position there were 25 wards in the City with a total of 142 councillors and yet one of them, Aldersgate, with around 1,400 residential voters out of the total of 5,000 had only 6 councillors, whilst Farringdon-Within with only some 100 voters had 10 councillors. Indeed, there were some City wards where the councillors almost outnumbered the residential voters. Where else but in the City would we tolerate so many electoral distortions?

Mr Warman also drew attention to the enormous power of the Court of Aldermen and yet the very office of alderman, with the single exception of the City, was abolished everywhere else in 1978. To make matters worse, City aldermen are elected for life and automatically made Justices of the Peace. I find it impossible to imagine anywhere else in local government, outside of the City, where it would be possible to sustain so many blatant distortions of basic democratic principles and yet still find defenders of such a set-up.

The City's position within local government was last seriously reviewed by the Herbert Commission on Local Government in Greater London (1957-60) in which it was written that were the Commission to be logical then the amalgamation of the City and Westminster would have been recommended but, and I quote, "logic has its limits and the position of the City lies outside them". In this astonishing statement resides both the strength and the weakness of the City. It is without doubt both an organizational nonsense and a denial of representative democracy and yet it survives. The reason lies entirely in its privileged and entrenched position within society and in its undoubted ability to muster powerful, vested interests at every crisis point.

However, there is a limit to the use of an institution's anachronistic position as a justification for its continued existence and although history might be on the City's side the future looks far more uncertain.

Yours sincerely,
TONY BANKS,
28 Lucien Road,
London, SW17 8HN.
March 4.

Good relations

From Mr P. R. Elderfield

Sir, Why does British industry continue to blame the Government, or unfair competition, or the French in the EEC, or the high level of the pound, or now the so-called high cost of energy, instead of recognizing its own mismanagement?

The costs of such prime energies as oil and coal in Japan are some 50 per cent higher than those in the United States, and 20 per cent higher than those in the United Kingdom.

Nevertheless, the Japanese iron and steel industry has come to occupy the number one position in the world as a result of improved technical standards and strong and amicable ties between labour and management.

How many more times must HRH Prince Philip expect British management to get its finger out?

P. R. ELDERFIELD,
School Lane Farm,
Whitwick, Leicester, LE6 4EE.

Returning to coal

From Mr D. Hindson

Sir, I wonder if the Master of Churchill College is in *possession* of all the facts in advocating a return to coal (Letters, March 9), particularly as he speaks in terms of national reserves.

In recent years, figures given to the Royal Society indicate that with present methods of mechanized mining, only 3 per cent of coal reserves in seams greater than 0.6m thickness at less than 1,200m depth will be recovered. Presumably 97 per cent will go to waste or be irrecoverable.

Coming from a family with 150 years or more managerial experience in coal mining, I deplore utterly this pillaging of nature's wealth. Much more evidence than available at present is needed to show there is no alternative to this policy—not even Sir Derek Ezra's protestations are valid in terms of the experience of generations.

D. HINDSON,
6a The Chase, Fairfield,
Stockton-on-Tees, TS19 7DD.

BUDGET/1981

SMALL BUSINESSES

Incentives for the small entrepreneur

One seasoned small business campaigner last night described the last ten minutes of the Chancellor's speech as: "The most significant change in Government industrial policy in 150 years."

"At last," added Mr William Poeton, spokesman for the Union of Independent Companies, "they have made a major step away from merely protecting the interests of big business and institutions."

The ten minutes in question contained a package of eight measures but two radical innovations had inspired Mr Poeton's comments: the introduction of a pilot loan guarantee scheme and of a personal annual tax allowance of up to £10,000 for investments in new business start-ups.

Loan guarantees have been the main demand of the small business lobbyists for three years. They exist in all our major industrial competitors, most of which have larger and substantially more vigorous small company sectors.

The idea is to provide loan *finance for viable businesses* which fail to meet the normal criteria of the lending institutions. Typical problems are lack of security or the banks' usual reluctance to lend beyond a debt-equity ratio of one-to-one.

At first, the present Government itself was against the idea as too interventionist and potentially exerting upward pressure on interest rates by increasing the amount of Government underwritten paper. Opposition also came from the banks and civil servants: the former because existing criteria were proved and adequate, the latter because of administrative problems.

But continued lobbying and mounting pressure on the Government to find some way of generating new jobs have finally paid off with a scheme which appears to be almost entirely based on a blueprint put forward by the Union of Independent Companies.

The scheme is experimental and involves lending up to £50m each year for three years with a maximum on each loan of £75,000 and with maturities of between two and seven years. The Government will guarantee 80 per cent of each loan, leaving the banks with 20 per cent of the risk.

Losses on the scheme will be covered by a premium of probably, 2 per cent to be held either by the Department of Industry or in a separate fund.

The Business Start-up Scheme providing tax alowances for investment in new businesses is entirely original. Something similar to the "*Loi Monory*" which operates in France had been expected but that simply provides tax relief for secondary purchases of shares. The Chancellor's scheme is for start-up equity stakes.

This also will run for three years and will allow relief of up to £10,000 per person but with no investment of less than £1,000 in any one company. The qualification is that it must be a stake in a "genuinely new business venture in certain kinds of trade requiring risk capital". The business can have been started up to three years previously and the stake must stay in the company for five years. Relief will be given at the investor's marginal rate of income tax.

This represents a major development of the venture capital relief introduced in the Chancellor's last Budget

The central aim of the start-up scheme is to channel private wealth away from the manifold tax-sheltering, non-productive areas into which it has progressively moved since the War and towards productive new business. Apart from its financial attractions, it also holds out the possibility of bringing existing established business talent, currently locked up in the big companies, into operation in small businesses.

Elsewhere in the "Enterprise Package" the Chancellor also changed the limits at which corporation tax becomes operative. The lowest level of profits at which the tax becomes payable has been raised by £10,000 to £80,000. But, more significantly, the profits level at which the full 52 per cent rate comes in has been raised from £130,000 to £200,000.

The high level of the change in this upper band took people by surprise. It is well ahead of any inflationary adjustment and stands in stark contrast to the Chancellor's refusal to allow any indexation of personal taxes.

On the level of more general help to small businesses the Chancellor announced the launch of a Business Opportunities Programme to add some muscle to the often-criticized advisory service provided by the Department of Industry. This latter service will also be coordinated with the Council for Small Industries in Rural Areas.

Included under the heading of the Enterprise Package is that new kind of personal wealth—the redundancy payment. Such payments are at present taxable if they exceed £10,000, but that threshold is raised to £25,000 from April 6, with the hope that this money will be used by the unemployed to set up in business

To further encourage such start-up the existing social security rules will be examined to see if they discourage the newly-unemployed

Also, the Inland Revenue has been asked to produce a consultative document on changes required in the present tax structure relating to problems arising from provisions in the Companies Bill which will allow companies to buy their own shares. Small and family businesses would throw up specific tax problems in this context.

Finally, a number of fairly minor fiscal measures were included in the package.

Bryan Appleyard

NORTH SEA

Another £1,000m from the oil companies

Companies producing from the North Sea will pay extra £1,000m into governme revenues this year as a res of the changes announced.

Rising oil prices have ma the North Sea an ever m attractive source of finance for the exchequ Since last May there have been seven changes in the shore tax regime, but the lat are the most fundamental.

The introduction of the n supplementary petroleum at a rate of 20 per cent is most sweeping change made the North Sea fiscal regi since petroleum revenue was introduced in the Oil T Act of 1975.

So worried have the co panies been about its effe that they made an of through the United Kingd Offshore Operators' Asso tion, to agree to pay gove ment an extra £1,000m year in place of the new tax discussions could contir about its long term desira lity.

The Chancellor has responc to the oil companies' worr by introducing the duty initia for an 18-month period oc until June 1982, so that c sideration can continue to given to a thorough revision the whole taxation system the North Sea.

Without the chan announced in the Bud speech revenues from the No Sea would have been shar lower than those expected the estimates made this ti last year. Output estimates the period to 1984 have si been reduced twice—first summer by an average of per cent and then in the few days by 9 per cent.

Revenue at £5,880m financial year will now higher than expected a y ago but revenues in futu years will continue to be lo than the earlier estimates.

That means that it is alm certain that further attem to increase revenues will made on any increase in prices.

The changes to PRT take middle line of proposals out in an Inland Revenue ba ground paper in November. extra 35 per cent "uplift" the usual 100 per cent cap allowances allowed on busin expenditure will end once c panies have recovered t development costs.

The safeguard provisi which is intended to limit maximum effect of all North Sea taxes, will reduced so that it will ap only for half as long again it took the company to reco its development costs.

Supplementary petrole duty will be paid monthly a consideration is being given putting PRT on the same ba hitting companies' cash flow

Shell UK said yesterday i statement that it "greatly gretted" the introduction the new tax.

Nicholas Hi

CAPITAL TAXATION

A softening of the harsh outlines

Many taxpayers will tend to agree with the Chancellor that the structure of capital taxes is far from ideal. No big changes, this year, we have been told, but a continuation of the process "of making more sense of the structure". In practice, this means a series of minor and not-so minor changes, which together, substantially soften the harsh outlines of the regime.

First, we now learn that life-time gifts are to be encouraged. There is to be a new rate scale applying to all transfers during life, other than within three years of a death. This will rise to a level of two-thirds of the death rate, so that the maximum rate will be two-thirds of 75 per cent (that is 50 per cent) on transfers whose cumulative total exceeds £2,010,000.

More importantly, the principle of life-time cumulation is to be abandoned in favour of cumulation over the decade before death, or the transfer in question. Clearly, this will stimulate gifts down the generation gap, and relatively early in a lifetime, so that the 10-year donation cycle can be completed before retirement from business or professional life.

Less important is the increase in the annual exemption limit for capital transfer tax from £2,000 to £3,000 a year. Helpful, perhaps for those seeking to fund life insurance policies, but not designed to make a significant impact.

On the other hand, the concession of 20 per cent relief on transfers of let agricultural land will be of distinct importance to the farming industry.

Until now relief of 50 per cent has been enjoyed only by owner-occupiers of farms, and in consequence, the landlord tenant system has been falling into disrepair. No new tenancies have been available for entrants into farming, and the argument has been that tenant farming represents an important rung on the farming ladder, a step towards becoming a fully-fledged owner occupier.

The reduced rate of relief represents recognition of the fact that tenanted land is valued at levels lower than the corresponding land with vacant possession, and the relief will be warmly welcomed by the Country Landowners Association which, with the support of the National Farmers' Union, has been campaigning for this concession for the past five years.

As a bonus, tax on all property which qualifies for agricultural relief—at either rate—may in future be paid in instalments over eight years, without interest arising on the balance of instalments unpaid.

At present, tax on let land may be paid by instalment but the charge of interest has made the option hardly worth consideration. In addition, the former ceiling of £250,000 on this facility is to be removed.

Two other changes will help remove uncertainties. Until now, it has not been clear whether the grant of an agricultural tenancy at full market rent has or has not triggered off a charge to CTT. It is now to be provided that no charge is to arise. On the other hand, there have been occasions when land valued on a tenanted basis has secured a 50 per cent full-time working farmer relief, for example where a farmer is retired and lets land to a family partnership. In future the relief rate is to be 20 per cent only.

Unhappily, the uncertainties surrounding the impact of *capital transfer tax on trusts* is to continue for yet another year. Business property relief at 30 per cent will be given to life tenants under trusts who transfer business property owned by the trustees, and the exemptions for trusts for disabled persons are to be recast.

But the general shape of the regime for discretionary trusts and trustees has not yet been determined. It is well known that there was a wide range of responses to Lord Cockfield's Orange consultancy paper, and as a result, the Government intends to continue the consultancy machinery process, by publishing draft clauses and inviting more discussion.

In consequence, there needs to be a further extension of the period for transitional relief, during which trustees may break-up their trust at a reduced rate of tax, and a further deferral of the starting date for the 10-year periodic charge imposed on discretionary trusts by the last administration.

In addition, where an application to vary a trust has been made to the court, distributions made with the leave of the courts will continue to qualify for the reduced rate of 20 per cent up to March 31, 1984.

One of the important problems of trustees has been capital gains taxation, since assets held in trust tend to have been held over long periods of time. On capital gains tax, the Chancellor has felt free to extend his roll-over relief system, under which gains are deferred, to gifts from individuals to trustees, that is, on property going into trusts in the first place.

However, it does not appear that he is equally willing to help alleviate the capital gains tax at the end of the day, that is when property comes out of trust, and a beneficiary becomes absolutely entitled to it. This is a far more significant burden, and one against which many representations have been made.

Oliver Stanley

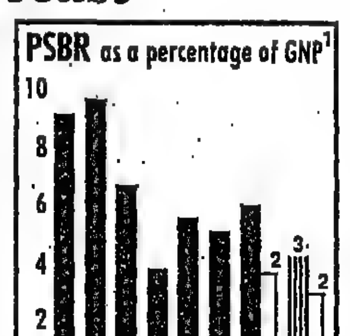
PUBLIC BORROWING

Above the forecast

The public sector borrowing requirement (PSBR) in the financial year 1980-81 is now estimated by the Chancellor to be about £13,500m. This is £5,000m, or some 63 per cent, higher than forecast a year ago in the 1980 Budget.

This level of public borrowing is equivalent to about 6 per cent of Britain's gross domestic product (gdp). As a proportion of gdp it will be higher than for any year since 1976-77.

On present plans, the PSBR in the next financial year—1981-82—will be some £10,500m or just over 4 per cent of gdp. For both 1980-81 and 1981-82 the ratio of public borrowing to gdp will be much higher than the figures embodied in the Government's Medium-Term Financial Strategy when it was first launched with the Budget a year ago.



(1) Expenditure based at market prices.
(2) Figures in Government's medium term financial strategy, as published in March, 1980.
(3) Forecast in yesterday's Budget.

CONSTRUCTION

'Too little, too late'

Construction leaders last night took little comfort from Sir Geoffrey's acknowledgement that their industry was now "hard pressed". Proposed relief measures were variously described as offering "too little, too late" and as "fiddling with minutiae".

There was also widespread apprehension within the industry that the proposed changes in the way cash limits are used to control public spending will again have the effect of reducing construction programmes for central and local government clients.

The Federation of Civil Engineering Contractors (FCEC) said that a rough estimate suggested that public spending on construction would fall by 6 per cent in real terms next year, compared to 1980-81. Figures published by the Department of the Environment yesterday show that output last year fell by 5 per cent.

Mr Derek Gaulter, director general of the FCEC, said there was little in the Budget to bring joy to the industry which is now working at levels of activity half those of a decade ago.

However, he welcomed the Government's decision to raise the allowance for industrial buildings by 25 per cent to 75 per cent, a move advocated for years by industry spokesmen in talks with ministers.

This change was also welcomed by the Royal Institute of British Architects (RIBA), although it described the changes in collection of development land tax which will cost the Government £5m a year, as "a flea bite by comparison with the massive cuts in public expenditure" from which construction contractors and professions have suffered.

Mr Kenneth Cooper, director general of the National Federation of Building Trades Employers, described the Budget as "very tough" and said the road to recovery still looked long and difficult. However, he welcomed the encouragement given to small businesses.

He added that improved industrial building allowances, taken with the fall in the minimum lending rate would act as a useful spur to investment. The cut in MLR would also encourage private housebuilding by reducing the cost of mortgage finance.

The Building Material Producers complained that the hard pressed industry would not be saved by fiddling with minutiae.

John Huxley

STOCK RELIEF

Government yields to industry's pressure

The Government has made important concessions to its original proposals for reform of the stock relief scheme which is now expected to reduce industry's tax bill by some £450m in a full year.

Yielding to intense pressure from industry and accountants since the Inland Revenue outlined its plans in a Green Paper last November, the Government has decided to scrap the credit restriction proposal which would have limited relief to the extent that stocks were financed by borrowings. Industry is expected to benefit by or aund £75m as a result. The Government, however, is still committed to the principle of a credit restriction and says that it will again consider how borrowings should be treated when it publishes its Green Paper on corporation tax in the next year or so.

The credit restriction was originally conceived to trap companies, particularly those in retailing, who largely financed stocks through trade credit. It has been roundly criticized for discriminating against those companies who finance their business on borrowings.

Two other concessions have also been made to the scheme. One is that clawback of relief will only arise wh.re the scale of a company's activities becomes small in comparison with that of the previous six years.

Secondly, in connexion with the transitional arrangements, businesses will be able to claim relief under the old rules where the benefit to the taxpayer is at least 25 per cent of the new relief or £10,000 whichever is lower.

Otherwise the stock relief scheme remains the same as that put forward last year in spite of all the criticisms of the single all-stocks index and the implicit rejection of the current cost approach to accounting. Only part of the cost of the scheme will fall in 1981-82 and this is expected to be £180m rising to £400m in 1982-83. The cost in future years will depend on inflation and company profitability.

Ronald Pullen

EXCISE DUTY

Drink and tobacco sales may slump

A sharp fall in sales, especially in alcoholic drinks, is expected following the Budget increases in excise duties. Only tobacco consumption is expected gradually to show some recovery later this year although the Chancellor's extra 14p on a packet of 20 cigarettes has come on top of recent manufacturers' increases of 4p a packet.

There is already strong evidence that cigarettes have become more price sensitive in the recession. Trade last year was more than 2 per cent down, three times the fall of the previous year.

With the average price of a packet of cigarettes rising above 90p, albeit likely to be discounted below that in many outlets, there are fears of a fall in trade over the rest of the year more in line with last year's decline.

Jobs could be at risk in the tobacco industry, warned the Imperial Group, whose tobacco division is the largest British manufacturer in the industry.

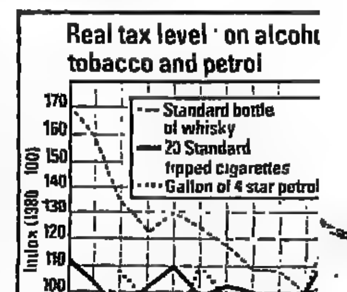
Cigarettes bore a heavier burden than whisky in the Chancellor's proposals although the greatest sufferer was beer.

There were warnings from the spirits sector of the drinks industry of a future shortfall in excise revenue. Between April and November last year revenue from spirits declined 13 per cent compared with the same period of 1979, according to the trade.

December sales and the pre-Budget rush by consumers to stock up on drinks is not expected to have completely wiped out the shortfall because of the general depression in sales of spirits, beer and most wines.

The increase in duties on spirits—putting 60p on a bottle of Scotch—will hit sales that are already in decline. The latest returns on withdrawals from bond, including some of the pre-Christmas run-up show a decrease of more than 17 per cent compared with a similar period in 1979.

The Chancellor's 4p on a pint of beer follows the 4p a pint increase from the brewers at the beginning of the year in a market where consumers have become increasingly sensitive to price.



In January beer producti which was down 5.9 per c in the last four months of 19 declined by 7.4 per cent.

The Chancellor's increa are expected to depress prod tion of beer below the 3 cent decline forecast earlier year by the Brewers Socie Higher fuel costs pushing distribution bills could pres the industry with more pr rises which in turn could sales.

There could be cutbacks the £1,250m investment plann by the industry over the n three years, affecting mair production, the Brewers Socie warned.

Short-time working has hit number of breweries a two—in London and Birmir ham—are being closed wi the loss of 850 jobs. Wi overcapacity in brewing sor older breweries could be risk.

The Chancellor's increa could also lead to the pu taking the brunt of the fall sales as drinkers opt for t take-home outlets.

Although the Chancellor action on cigarette taxes w depress sales initially, t tobacco manufacturers, lock in a cut-price battle for t past six months, have to a extent protected their prof margins by the round of pri increases earlier this year. Bu some analysts believe th sales through some outlet notably the supermarkets, sti represent a marginal loss t the manufacturers.

Derek Harri

BY THE FINANCIAL EDITOR

That elusive crock of gold

The Budget is appreciably more deflationary than seemed likely only a couple of weeks ago; and just to make doubly sure on the funding front the Chancellor has taken the concept of index-linked savings a great deal further.

It is a bold gambit, and the year ahead will not be an easy one for the government. Failure to control public spending and get the borrowing target on line this time round will spell the end of the present approach to the economy.

For the gilt market, the prognosis is encouraging. The market should not be over-strained by the prospective funding requirement and successful funding over the next few months should enable a further cut in interest rates by mid summer. Clearly, the index-linked offering is going to attract enormous interest. But it does raise the question of whether it will represent alternative gilt investment for investors or drain away funds from other markets. It also poses the question of whether conventional stocks can ever stand on negative yields in future.

Meanwhile, if the Chancellor made all the right noises about redressing the imbalance between the corporate and personal sectors, here are none of the direct boosts industry had been hoping for either to improve the outlook for company profits or to provide the equity market with anything into which to get its teeth.

Industry is being told once again that the rock of gold lies at the end of the medium-term financial strategy and that bitter as the medicine is at present, it will eventually result in a much healthier corporate sector that will be able to reap the benefits of the upturn when it comes.

There will be disappointment that the national insurance surcharge has not been reduced while the pressure for the reduction in the heavy fuel oil duty has been ignored.

Plainly, the reduction in interest rates will be welcomed but the time has passed when the fundamental problem for industry was liquidity. What it really needs is some prospect of an increase in final demand and on that score the sharply deflationary budget will be a significant disappointment.

Hopes of a consumer-led upturn later this year now also look to be rather thin after the likely fall in disposable incomes as the rise in indirect taxes works through.

On the positive side the Government has responded in some measure to industry's complaints that it is suffering unfairly compared with European companies over energy costs and yesterday's package on gas and electricity prices, which will benefit large industrial groups selectively, is worth some £168m.

There has also been a significant concession in the stock relief scheme proposed last November with the scrapping of the credit restriction which would have limited relief to the extent that stocks were financed by borrowings.

In a full year, this will reduce industry's tax bill by £75m, raising the overall benefit of the scheme from £300m to £450m in the next full year.

Overall, then it looks as though the main gainers from the budget will be heavy manufacturing industry with stores and other consumer-oriented groups likely to have their recovery pushed further into the future.

Banks

How they may react

Clearing banks will have to find almost the equivalent of their inflation adjusted profits to pay for the Chancellor's special once-and-for-all tax. The £360m mooted by the Chancellor looks like a minimum and is above their worse expectations even a few days ahead of the budget. The tax will inevitably bring closer the day when the banks will have to go to their shareholders for fresh capital to replenish their resources in relation to total banking assets.

In more than one sense the tax will nullify the low tax charges the banks have gained through their carefully nurtured leasing operations. They are now being taxed close to the 52 per cent full corporation tax rate. It is, however, true that this is a tax on capital rather than profits and the reaction from the banks will undoubtedly be swift.

If the hint given by Sir Jeremy Morse, in his capacity as chairman of the Committee of London Clearing Banks, is right then it will be back to lean years for some hard pressed industrial companies. Overall the £400m will reduce the banks' ability to lend by some £8,000m and the implied suggestion must be that the banks will now revert to normal banking practice when dealing with more risky propositions.

For the balance sheets of the clearers the immediate effect is severe but not catastrophic. Before the publication of balance sheets it is impossible to say how each bank will be individually affected, but for Barclays, for example, it ranges from £80m to £110m while for Midland the range is between £70m and £95m.

The impact on capital ratios is also impossible to calculate but these will have fallen by several percentage points. Even so there does not seem the need for any of the clearers to come to the markets for an early rights issue.

The shares fell last night in after hours dealing and it is likely that the worse news had already been discounted by the market. Clearing banks shares are now offering good yields ranging from 7 to nearly 10 per cent and, while p/e ratios will inevitably go up, they will still remain below 5 for most banks.

So while profits this year will be down, perhaps sharply, there may be some recovery next year so, after perhaps a few days, the shares should steady.

Duty increases

Where it will hurt

For brewers, the Budget contained nothing but gloom. The 4p on a pint, including a swingeing rise of nearly two-fifths in the excise duty element, compares with expectations of 2p or at most 3. This, in a year when consumer spending will be squeezed.

Geared to growth in consumption of over 2 per cent a year, the brewers were hard hit by last year's 3.7 per cent drop in volume and have been operating well below capacity. In the light of the Budget even the recent industry forecast of a further contraction in the market of something over 3 per cent in 1981 must be optimistic. So apart from safe dividends brewery shares will have little to offer for some time ahead.

Hardest hit in the consumer sector seems to be Imperial Group, involved in both brewing and heavily dependent on the United Kingdom cigarette market. The Budget measures have delayed prospects of a profit recovery but with the dividend looking safe for the moment and interest rates falling, Imperial's 14½ per cent yield limits the risk in the share price. VAT earns all its tobacco profits abroad and prospects are little influenced by the duty increase, although it will find it even more difficult now to earn money on cigarettes in the domestic market.

● *Two major small-business boosts in the Budget—the loan guarantee scheme and the £10,000 personal tax allowance for investment in new ventures—represent a significant strengthening of the Government's commitment to the sector.*

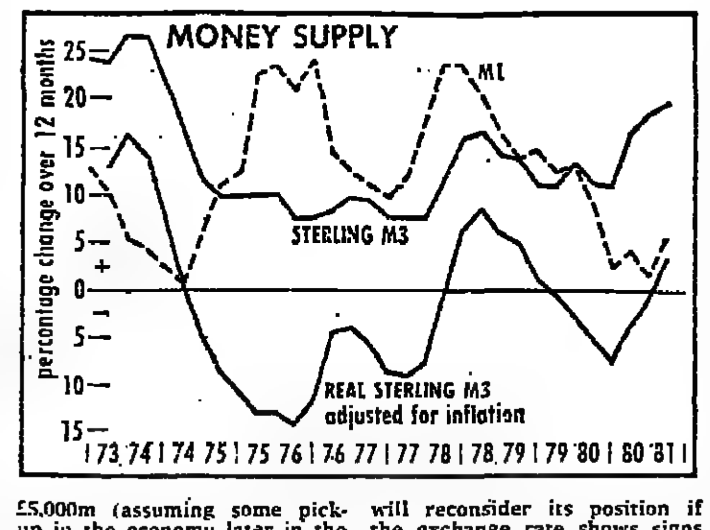
Previously small business packages have tended to ameliorate the existing fiscal and investment structures. Loan guarantees, however, bring us into line with other developed countries in providing a borrowing safety net for those whom the banking system discards.

Meanwhile, the tax allowance is an attempt to stem the flow of private wealth into non-productive, tax-sheltering schemes.

The combination of the two indicates the Government has overcome substantial objections, not in terms of the cost, which is minimal, but in terms of the underlying institutional feeling that neither was necessary. Clearly, the Chancellor has identified a substantial element of self-interested inertia in their objections.

BUDGET/1981

Monetary targets—little room for error



The Government's decision to stick with its medium-term strategy, albeit writing off year one, comes as no great surprise. Most senior ministers believe, quite understandably, that the progressive reduction in monetary growth holds the key to extinguishing inflation in the United Kingdom.

They do, of course, hold their views with differing degrees of rigidity and enthusiasm. Ahead of yesterday's rousing speech in the cause by the Chancellor, one of the stronger upholders of the monetarist grail over recent months has been Mr Nigel Lawson, Financial Secretary to the Treasury.

Indeed, his Zurich speech in January has stood as the main public defence of the strategy in what has, by any standards, been a highly embarrassing first year.

While he made no attempt to cover up the Government's own failures to get on top of public spending and borrowing, he did suggest that the overall monetary picture was not as black as it was sometimes painted.

Growth of sterling M3, the monetary measure used for setting money supply targets, had been exceptionally badly distorted last summer, he argued. If one looked at the behaviour of the broader measures of liquidity—and over a rather more generous timescale—there was a rather less alarming picture; and if the trend in narrow money (M1) was examined, then growth during 1980 had been positively miserly.

Moreover, the forward-looking part of Mr Lawson's speech suggested that it was not too late to offset the potential inflationary consequences of what had, on any count, been excessive growth in the broader aggregates. This could be done provided that the Government regained strict control over monetary growth early in the New Year.

That is a view shared by many monetary economists and it is indeed possible to conjure up a very attractive scenario which could help the Government along the road to success.

For a start the economy is now in deep recession. Companies have been running down their stocks on an unprecedented scale and, after an initial hiccup, their recourse to bank borrowing has started to fall sharply, too.

Also, there are large personal sector savings locked up in short-term liquid assets. The Chancellor has already set in motion the means of tapping this liquidity by sharpening up the competitiveness of National Savings.

Yesterday he took that a stage further by making "grannies" still younger and it is quite clear that all forms of National Savings instruments will provide formidable competition for private sector savings from here on.

But here we come to the trickier part. The cyclical downturn in the private sector's demand for money may have opened up more room for the Government to keep its own "recession-inflated" borrowing requirement fairly high, but it certainly does not give it *carte blanche*—and the tolerances are fairly fine.

Indeed, the new target for sterling M3 leaves precious little room for error. An annual growth rate of 6-10 per cent is equivalent to some £4,000m to £7,000m. Taking the prospective public sector borrowing requirement of £10,500m, a rise in bank lending to the private sector of some £5,000m (assuming some pick-up in the economy later in the year) and gilt-edged financing of more than £5,000m, suggest that the authorities will have to achieve gross public debt sales of the order of £15,000m over the coming year.

This, moreover assumes that the Government meets its public spending and borrowing targets. Despite the grim determination of the Chancellor's speech yesterday, who is going to take a great deal on trust after the past year's performance?

That is only the first problem. The second one must be whether or not the exchange rate will behave acceptably, even if domestic monetary developments go according to plan.

The Chancellor made no reference to "exchange rate policy" in his speech for understandable reasons: it would have undermined at a stroke his commitment to re-establish firm monetary control. The suspicion must remain, however, that the Government will reconsider its position if the exchange rate shows signs of renewed appreciation during the year (perhaps because of interest rate developments overseas or because of a fresh rise in the real price of oil next winter).

In that sense, it remains to be seen what the proposals for improving the monetary control system will mean in practice. What is generally clear is that the evolution to a full monetary base system, used to control the supply of money without regard to its price, is a long way off.

The authorities are still treading gingerly, feeling their way towards change, and understandably so. What we will have in the first instance are new monetary measures (the monetary base and retail M3) to provide more indicators of monetary behaviour. These are to be welcomed, though how much the monetary base measure will tell without a monetary base system in place might be open to question.

We will also see new liquidity norms for the banks, replacing the present and technically inadequate, reserve asset system. Also, the Bank has already moved to disengage its open market operations from minimum lending rate, which now looks to have a very short life.

That will, in effect, do a lot to depoliticize interest rates, leaving the banks (who will have to reconsider how to set their lending rates) to take the public spotlight. In theory that should make it easier for the Bank to be more flexible in moving its interest rates and allow it to be quicker in response to emerging trends.

It will only be what happens in practise, however, that tells us whether there is still a political influence at work on interest rates. It also remains to be seen precisely how tough the Bank is proposing to be when it comes to defining the eligibility of paper for rediscount at the central bank and its own prospective role as lender of last resort.

The bravest step the Chancellor took yesterday was almost certainly the announcement of an index-linked gilt edged stock for pension funds, life assurance funds and friendly societies. There will almost certainly be more of those to come as the Government throws everything at meeting its funding requirement.

While indexed gilts have enormous attractions, both from a marketing viewpoint and as a contributor to containing the short-term cost of debt, they are giving hostages to fortune over the longer term in no uncertain way.

Unless the Government gets on top of public spending this year, especially public sector pay, indexation will not save the day.

John Whitmore


Mr Parkes: "Chancellor just not adventurous enough".


Mr Sim: nothing to encourage investment.


Mr Gartside: more mills will close.

What it felt like at the sharp end

Business News staff report from the regions

At the sharp end of British industry, where manufacturers are still grappling with falling order books, a growing challenge from imports and a pressing need to cut costs, there was only a muted welcome for the Budget.

Businessmen were encouraged by the cut in minimum lending rate, although some thought it might have been larger. But they complained that specific measures had not been taken to ease industry's tax and cost burden, which industrialists see as being beyond their control.

In particular, they were disappointed that the Chancellor had been unable to reduce the National Insurance surcharge.

Yesterday, *The Times* spent the afternoon with the heads of three companies in different parts of Britain, each of whom was looking to the Chancellor to provide relief for particular problems.

Mr Edmund Gartside, chairman of Shiloh Spinners, of Oldham, Lancashire, said that the Budget was "basically sound", and he was encouraged by the reduction in minimum lending rate. But the Chancellor's measures would do little to help the textiles industry.

Shiloh, which spins cotton and man-made fibres, has a turnover of £7m a year and employs about 600 workers. Last year it had to shed 200 jobs and put workers on short-time.

Mr Gartside had been hoping for a 4 points cut in MLR. "A cut of that order would have had a very positive effect.

"Nevertheless, the cut that has been made should help to bring down the value of the pound and thus help our export position." Mr Gartside felt that the textile industry, for which fuel represents some 8 to 10 per cent of costs would be unlikely to benefit from the Chancellor's proposals. He said: "Energy costs are a very significant factor for the industry, and I would have liked to see the help being distributed far more widely to manufacturing industry.

"The textile industry has suffered very badly during the recession. As a whole we lost some 20,000 jobs last year and there are more mill closures in the pipeline. I do not think this Budget is going to prevent any of those closures. A larger cut in the MLR might have done so.

"However, our real problems stem from the flood of cheap textile imports. Of course, there was nothing the Chancellor could do in the Budget to change that.

Mr Andrew Sim, chairman and managing director of John Lees, the largest independent confectionery company in Scotland, had his accountants with him as he listened to the Budget in his office at Coatbridge, near Glasgow.

Lees is in its 50th year of business and last year turnover rose to almost £1.7m, yielding profits of £94,000. This is still sharply down on 1978 before the Conservatives doubled VAT and made life extremely difficult for the confectionery trade.

"It is knocking Britain from its position as king of the world confectionery industry and allowing into first place German companies. Less than half the VAT rate that we have to pay is applied in Germany. VAT was the main headache from which we were seeking relief," Mr Sim said. There was no joy for the company in that direction.

The company employs about 100 and has its main stock in trade produces 40 million coconut coated snowball confections a year.

"What has been appalling is that the areas over which the Government alone has control have all risen over the past year, far ahead of inflation. This has meant that the overall cost of running the factory has gone up from £2,230 a day, a year ago, to £2,870—a 30 per cent rise", he complained.

"We just feel deeper in the recession now", he said after the Budget. "There is no respite at all. We have liquid capital to invest in new plant, creating new jobs and expanding new markets. But there is nothing here that would encourage us.

"Apart from the petrol increases, which are very depressing, the Budget is a non-event. We are still in the shackles", Mr Sim said.

Mr Reginald Parkes, chairman of the Brockhouse Group, based in West Bromwich, the West Midlands, described the Budget as "Not good" and said he had hoped for something "more adventurous".

His group, which employs 3,500 and has a turnover of £70m, is an important supplier to the engineering industry. Three months ago Mr Parkes reported that the group's United Kingdom operations were making a loss. Order books are still declining, but the company hopes that destocking by customers is easing.

"We made a policy decision some time ago to maintain our manufacturing base at the expense of short-term profitability and please God we shall be proved right in that view."

Along with his colleagues, Mr Parkes was disappointed at the lack of any reduction in the National Insurance surcharge.

"The Chancellor's help to industry in general and larger firms in particular is a great disappointment. It is certainly too little and it may be too late. He was just not adventurous enough."

Mr Parkes said the cut in lending rates had been discounted by the market already and this was reflected in the immediate increase in the pound's exchange rate. "That is bad for the country as a whole and certainly will not help uncompetitive exports."

He was extremely critical of the "excessive increase" in petrol prices. "Transport costs are a considerable and essential expense for any company. These very high fuel costs will have a knock-on effect for motor manufacturers on which we here in the West Midlands rely so heavily."

He hoped that the windfall tax on bank profits would not boomerang by reducing the banks ability to help industry.

Reporters: R. W. Shakespeare, Ronald Faux, Clifford Webb and John Huxley.

Business Diary: Hugh Dalton and the 1947 Budget 'leak'

The announcement in yesterday's Budget that there is to be no change in the standard rate of income tax, however it may have been received, nonetheless comes as an anti-climax. It has been known for two months that, barring another turn, the level would stay at [illegible]p in the £.

The reason is that the Prime Minister, through four carefully chosen parliamentary lobby reporters, told everybody. Newspaper headlines told the story on the morning of Monday, January. *The Times* said that its tax forecast "was learnt on high authority".

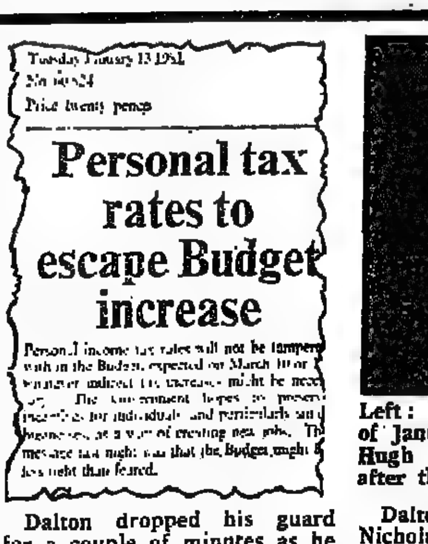
Next day, the *Daily Mirror*, whose political editor had been excluded from the briefing that inspired the "forecasts" named Mrs Thatcher as the source of the stories the *Mirror* had missed.

And in the House the same day, Michael Foot described Mrs Thatcher, as "leader of the leakers". A few days earlier Mrs Thatcher herself, having attacked leaks by other ministers had said that leaks do not make for efficient government".

In reply to Mr Foot, Mrs Thatcher said "there cannot possibly be leakage about decisions that have not been taken already", a reply ungrammatical where it was not disingenuous.

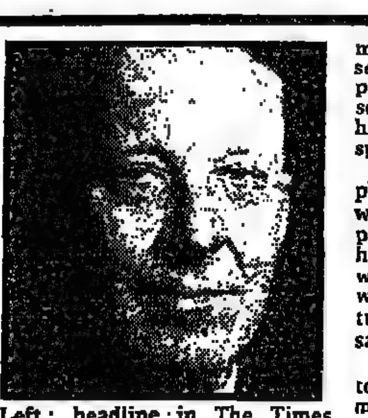
Her disclosures caught the Chancellor, Sir Geoffrey Howe at an awkward moment, for next door he was in the middle of drawing up his Budget proposals for Cabinet.

Budget leak, and moreover one not two months less than an hour before speech cost the job of one Chancellor, Hugh Dalton.


Tuesday January 13 1981
Price twenty pence

Personal tax rates to escape Budget increase

Personal income tax rates will not be tampered with in the Budget, expected on March 10 or [illegible] whatever indirect tax increases might be necessary. The Government hopes to preserve incentives for individuals and particularly small businesses, as a way of creating new jobs. The message last night was that the Budget might be less tight than feared.


Left: headline in The Times of January 13; above, the late Hugh Dalton, who resigned after the 1947 "leak".

Dalton dropped his guard for a couple of minutes as he walked towards the chamber to deliver his speech. He was out of No 11 next day.

It was a far cry from the Prime Minister's No 10 invitation to a chosen group of journalists, and shows how much Prime Ministerial attitudes to Budget secrecy have changed over the past 34 years.

The Budget of November 12, 1947 was Dalton's fourth since Labour's landslide general election victory two years earlier. It was his second Budget of the year.

The seven months between these two appearances at the despatch box, he wrote later, had been "the most unhappy of all my public life".

Dalton was struggling to close the trade gap before American and Canadian aid ran out. So wound up was he that at night he took sleeping pills rather than lie awake at No 11 doing "mental arithmetic".

Dalton's friend, the late Nicholas Davenport, wrote later: "Both my wife and I felt that before long Hugh would crack, and so he did on November 12. . . ."

Here Dalton takes up the story, for, as he subsequently told a select committee, on the way into the Chamber he was buttonholed by John Carvel, lobby correspondent of the *Star*.

"He (Carvel) asked me 'How about the Budget?' Carvel, Dalton said, then began to ask about specific taxes." Dalton, who thought Carvel was to accompany him into the Chamber for the speech, added "But I cut these questions short, and told him in a single sentence, what the principal points would be—no more on tobacco; a penny on beer; something on dogs and pools but not on horses; increase in purchase tax, but only on articles now taxable; profits tax doubled".

Carvel told the select committee "He (Dalton) indicated several items which I later passed to my office. We then separated after I had wished him good luck with his speech."

What Carvel did was to phone a "late forecast" story which went into the *Star*'s stop press column, and a few hundred copies of the edition went on sale before 4 pm, when Dalton, now on his feet, turned to his revenue proposals.

Mrs Thatcher's leak was two to four morning papers months before Budget Day, with a combined circulation of about two million. Many millions more heard of the income tax proposal that very night as radio and television plundered the first editions of the papers

In one respect were the leaks similar: no Stock Exchange movements were discernible as a result.

Dalton, wrote Davenport "was too exhausted" to imagine that Carvel would rush to the phone; and that a "stop press" item could be on sale before he sat down.

The Chancellor came clean with the House the next day, and tendered his resignation.

Attlee—as his personal papers, now available at the Public Record Office, show—was reluctant to accept, but did so later that day. He has been worried about leaks ever since Labour took office (although not from Dalton), and the Cabinet had been rattled only that June when in one day *The Sunday Times* revealed Cabinet policy on car tax (possibly a trade leak) and the *Observer* did the same on import policy.

The leak had done no harm, Attlee wrote to Dalton, but the discretion of the Chancellor "who necessarily receives many confidential communications, must be beyond question".

With Dalton's active support, the Cabinet agreed not to resist Opposition demands for a select committee on the Chancellor's gaffe rather than "giving the impression thay had something further to hide".

The Davenports hastened to offer the distraught Dalton a bed for the night at their flat, the former Chancellor being unable to face even one more night at no 11.

"Attlee need not have accepted his resignation", Davenport said, "but Hugh insisted on going, because, apart from his highly developed sense of honour, he knew in his heart he was no longer capable of carrying out his fearful responsibilities."

No further mention of the episode was made in the House. Within a year, Dalton was well enough to resume Cabinet office, this time as the Chancellor of the Duchy of Lancaster.

He died in 1962, the *Star* having predeceased him by two years. The Lobby, of course, is still with us.

Whether or not Mrs Thatcher blurted out her little gem or planned it in pursuit of some calculated political advantage we may not know until January 2012 when her papers for 1981 are made public.

Ross Davies and Peter Hennessy

Closing the Vestey tax loophole

After two budgets with very little anti-tax avoidance legislation, the Chancellor took the opportunity to redress the balance. In some respects he had little option.

The *cause célèbre* was the Vestey case last October when the very low tax bill of the wealthy Vestey family was broadcast to the world. This forced his hand.

Sir Geoffrey said then that he would be reviewing the provisions whereby overseas income could escape United Kingdom taxation.

Section 478 of the Income and Corporation Taxes Act, which before the Vestey court case was considered the bulwark of the Inland Revenue's defences, has been substantially strengthened in line with original parliamentary intentions.

The need to sort out the position of income arising from overseas investment was also made pressing because of the abolition of exchange control, which used to provide a fairly effective and practical way of containing much tax avoidance activity.

Before the Vestey case arose, the Inland Revenue felt that it had a very powerful weapon which would deter most people from trying to gain any income tax advantages for themselves or their families by investing outside the United Kingdom in low tax or zero tax countries.

For the past 30 years, the Revenue has followed the decisions of two key cases (Lord Howard De Walden, the Commissioners of Inland Revenue (1941-25 TC 121) and Congreve, the Commissioners of Inland Revenue (1948-30 TC 163)) which, with subsequent cases, made Section 478 a really penal provision.

Basically, the pre-Vestey Revenue view was that if a person transfered property abroad and that person or anybody else had power to enjoy income of a non-United Kingdom person (or trust or company) then as a result, the whole of the income of that non-United Kingdom person could be subject to British tax.

"Power to enjoy" was defined very widely so that it included fairly remote or indirect rights. For example, the beneficiary of an overseas discretionary trust was said to have power to enjoy the income of the trust even though no distributions were made to him and he had no right to the distributions.

So, the amount of the income involved could include all the non-resident person's income—regardless of whether the taxpayer could enjoy it in any meaningful way. Indeed, the Revenue contended that in principle, it could charge the same income over and over again on any number of taxpayers who had this "power to enjoy the income".

When the Vestey case came before the House of Lords at the end of 1979, the Inland Revenue's claim was dismissed, albeit reluctantly, on the ground that it was bad law—the action being described as "arbitrary, unjust and fundamentally unconstitutional". Bad law is bad law, even if the injustice is suffered by a tax-avoiding family of multi-millionaires.

The Lords overturned the previous decision in Congreve case, making Section 478 a very much weaker provision.

The latest, as yet unspecified, attempt to steer around the absurdities the Vestey case highlighted, is likely to involve some tighter definition of the "power to enjoy" benefits conferred by the establishment of overseas trusts.

Rather than each beneficiary being potentially liable to all possible benefits from such a trust, a more modest proposal could specifically make a person taxable on what he actually receives or would benefit from as of right, from a trust.

Such a proposal would at one and the same time satisfy both the Inland Revenue's anti-avoidance section and so-called public morality, severely outraged by much of the Vestey disclosures, and the tax lawyer's sense of justice that people should not pay tax on what they have not received.

The moves come hard on the heels of recent consultative documents on the residence of companies and on tax havens in the corporate sector, which are all part of the same curb on tax avoidance through the use of overseas schemes.

On the domestic front, the Chancellor also pointed the finger at the tax avoidance schemes based on capital gains tax—notably what are known as "reverse Nairn-Williamson" schemes—which create an artificial loss for capital gains tax purposes.

Other arrangements to be stopped include the market value trick, whereby assets are transferred at a price which is considerably different from the market value used to determine the capital gains tax position.

Margaret Stone

Sharp rise in retail sales and industrial costs

By Our Economics Staff

A sharp rise in the level of retail sales and a further jump in the price paid by industry for its materials and fuel are shown by new government figures, published yesterday. The rise of 1.7 per cent in the cost of industry's own inputs made February the second month running in which these costs have risen well in excess of the low levels experienced in the latter months of 1980. It suggests that the downward trend in costs may have come to an end.

However, the year-on-year rate of increase in materials and fuel costs is still reflecting the lower increases of earlier months. In February, this year-on-year increase was 7½ per cent, compared with 8½ per cent in January.

A similar picture is also emerging for industry's output prices. The rate of increase in wholesale prices is now running at a higher level than was being experienced at the end of last year. These prices rose by 1 per cent last month, after a rise of 1½ per cent in January.

Even so, February was the eleventh consecutive month in which the year-on-year rate declined. It is now down to 10½ per cent, and compares with a peak of 19 per cent about a year ago.

The main factor behind the latest increase in wholesale prices has been the increase in the costs of petroleum products. This accounted for some two thirds of the increase in the factory-gate prices of manufactured goods.

Shoppers went on a spending spree during January, according to figures from the Department of Trade. The volume of retail sales leapt 5.2 per cent from rather depressed December figures, with department stores and other mixed retail businesses seeing a 10 per cent jump in sales in the month.

The retail sales figures, which are seasonally adjusted and thus take into account the normal effects of post-Christmas sales, have been revised upwards substantially from provisional figures published in mid-February.

The reasons for the extraordinary buoyancy of consumer spending in January are not entirely clear. Many shops have indulged in unprecedented price-cutting in order to shift stocks, which high interest rates have made expensive to finance.

The low December retail sales figures suggest that some Christmas spending was postponed to take advantage of the winter sales. With unemployment rising, others may have decided to take advantage of low prices in the shops to buy now in the expectation of leaner times to come.

WHOLESALE PRICES

Indices (1975=100) of wholesale prices of manufactured goods and the basic materials and fuels purchased by manufacturing industry, published by the Department of Industry yesterday.

	Output prices (home sales) (1)	Prices of materials and fuels (2)	% Change in previous 6 months at an annual rate of (1)	(2)
1980				
Feb	191.5	197.6	18.0	36.6
March	194.3	200.4	19.0	35.1
April	197.0	202.3	19.5	28.4
May	199.0	200.4	20.2	16.2
June	201.0	201.1	20.1	13.3
July	202.7	201.7	20.1	15.3
Aug	203.5	201.5	13.1	3.8
Sept	204.6	202.1	10.9	1.7
Oct	205.3	201.4	8.6	−0.9
Nov	206.2	203.4	7.4	3.0
Dec	206.8p	205.1	5.9	4.0
1981				
Jan	209.8p	209.6p	7.1	8.0
Feb	211.8p	213.1p	8.3	11.5

p=provisional

RETAIL SALES

The following are the seasonally adjusted figures for the volume of retail sales and the value of new instalment credit released by the Department of Trade.

	Sales by volume (1975=100)	New credit extended £m	Implied change in debt
1979			
1st Qtr	105.8	1,636	369
2nd Qtr	113.0	1,677	483
3rd Qtr	106.6	1,875	472
4th Qtr	108.1	1,939	456
1980			
1st Qtr	110.2	2,049	536
2nd Qtr	108.2	1,964	270
3rd Qtr	108.9	1,933	222
4th Qtr	109.0	1,790	64
1980			
May	108.4	607	58
June	107.5	675	106
July	108.5	663	106
Aug.	108.5	613	54
Sept.	108.5	667	62
Oct.	109.7	629	75
Nov.	109.2	558	−44
Dec.	108.4	603	33
1981			
Jan	114.0	627	80

Danes set to agree North Sea deal

The Danish Government has almost reached agreement on a revised plan for exploitation of Denmark's North Sea oil and gas fields with AP Möller, the private Danish prospecting group which was granted the concession for the area in 1962.

After the breakdown of talks with Möller over a greater measure of state control, the government presented legislation last January to return the as yet unexploited 80 per cent of the Danish North Sea to the state, leaving Möller with the 20 per cent it had been exploiting.

A parliamentary outcry and threats from Möller that it would sue the government for "unconstitutional expropriation" led to negotiations on a compromise solution.

Australian wages up

Australia's wage inflation in the December 1980 quarter climbed 3.3 per cent to its highest level for more than four years taking average male weekly earnings to A$277.70 (£148.50).

Toy imports blocked

The European Commission has authorized France to stop imports of toys from Hongkong, which are threatening its own industry. France had set a quota for such imports, but this was by-passed via other EEC countries.

W German deficit

West Germany had an overall balance of payments deficit of a provisional DM845m (£180m) in January after a DM3,820m shortfall in December and a DM3,880m deficit in January 1980.

Small cars for US

Mitsubishi is to increase production of small cars and trucks for marketing in the United States by Chrysler. Mitsubishi is 15 per cent owned by Chrysler.

Credit to Yugoslavia

A consortium of Arab banks has granted $117m (£53.5m) worth of credit to Yugoslavia, press reports in Belgrade said. The banks are led by Kuwait Foreign Trading Contracting and Investment Company.

Inmos ready to start aggressive marketing drive in Europe

By Our Industrial Staff

Inmos, the microchip subsidiary of the National Enterprise Board (NEB) is to begin marketing aggressively in Europe with three new sales offices and 10 more distributors.

Within the next month the contracts with those distributors will be completed. There will be two in Britain and in Germany, while Italy, France, Benelux, Switzerland, Scandinavia and Spain will have one each.

The sales offices will be in Munich or Stuttgart and Paris, with the other based in the United Kingdom. The siting of the British sales office is of great importance and is likely to be either in Bristol or Scotland.

Scotland would appear the favourite because of the number of semiconductor users primarily in the computer manufacturing industry which are in the Glasgow area or in Glenrothes, Fife.

Inmos, in which the NEB owns 67.3 per cent of ordinary shares through an investment of £50m, intends to establish itself as a force in microelectronics.

The company's first product a static RAM with 16,000 memory cells for use in computers, was launched at the end of last year. It is this product which will be marketed heavily in Europe by the new sales teams.

Two other products will be launched in the autumn. They have a world potential of more than $1,035m (£476m) a year.

One is another static RAM, while the other is a new design called a dynamic RAM, a chip with over 64,000 memory cells, again for computer use.

This new chip was shown to delegates at the International Microelectronics Solid State Conference in New York last month.

The company has ambitious projections for its product sales. By 1984 the turnover is expected to be in the region of £200m.

By the second quarter of this year the first Inmos product, the 16K static RAM, which has been sold successfully to 50 main users, will be on the shelves of the European distributors for immediate inspection.

It is expected that the company will raise any future investment capital in the private sector against its design successes.

At the moment the company is operating in two parts: in Colorado in the United States and in Bristol. The new British manufacturing base will be located near Newport, Gwent, and is expected to create 1,000 jobs by 1983.

Video sales of £1,357m forecast by 1985

By Bill Johnstone

The consumer video goods market in Europe, excluding television sets and games, will be worth £1,357.5m by 1985, according to reports of a study carried out by Mackintosh Publications, of Luton.

It included the United States, where by 1985 the value of sales is expected to reach $2,400m (£1,085.9m).

Most important product in Europe, according to the report, will be the home-based video cassette recorder. These will account for 40 per cent of sales, with video cameras and cassette tapes accounting for another 25 per cent each. The remaining 10 per cent is expected to go to video disc players and large-screen projectors.

Advances in manufacture, contributing in the long-term to lower prices, is reported as being a big stimulus to growth.

Growth for video cassette recorders will be marked. In western Europe these will expand by 25 per cent a year to 1985, when sales will be more than two million, worth £678.7m. Britain and West Germany are expected to account for more than 50 per cent of that market.

At present there are three systems competing for the world market. They are the Video Home System (VHS) developed by the Japanese company JVC and marketed in Britain by Thorn-EMI; the Betamax System developed by Sony; and the Video Cassette Recorder, designed and developed by Philips of Holland.

According to the report, video cassette recorders in Europe have fallen in price by about 40 per cent in real terms since 1972.

Mayfair headquarters of Fisons to be closed

By John Huxley

Fisons, the troubled chemicals and pharmaceuticals group, is to close its Mayfair headquarters in London in a fresh move to cut costs. More than 70 people will be made redundant.

Last week the group cut its dividend by two thirds after announcing a net loss last year of £16.8m, against a net profit in 1979 of £12.12m.

Yesterday the group began talks with staff over changes which include new headquarters in existing offices in Ipswich, Suffolk. Fisons expects that substantial cost savings will be achieved by the changes which it hopes to have completed by the autumn.

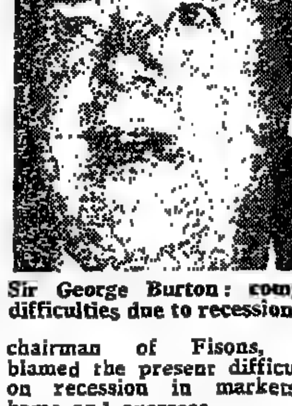
A statement explained: "Following a detailed analysis it has been decided that the prime role of group headquarters will be to provide for planning future growth and development of the group.

"Many of the central service functions will now be performed within the operating divisions or brought in from outside".

The withdrawal from London means that Fisons is returning closer to its roots. The company grew to its present £454m a year turnover after being founded as a small family business in East Anglia in 1843.

Yesterday's announcement presages the latest in a series of far-reaching changes, aimed at strengthening the role of Fisons's headquarters and improving the efficiency and effectiveness of its operating divisions.

Details of these were given last week by Sir George Burton, chairman of Fisons, who blamed the present difficulties on recession in markets at home and overseas.



Sir George Burton: company difficulties due to recession.

These have most affected the fertilizer division which is being restructured. Two large works at Immingham, Humberside, and Avonmouth near Bristol are being consolidated and some peripheral sites closed. This will result in the eventual loss of more than 1,100 jobs.

The scientific equipment division is being reorganized, and this too will involve a reduction in jobs.

Earlier this year Fisons's recovery programme received a further setback when it was forced to abandon Proxicromil, the brand name of a new anti-allergy drug. An estimated £12m had been spent on its development.

Tables, page

Closures cut newsprint capacity to below 10pc of consumption

Energy savings come too late for many mill

The measures announced in the Budget to relieve the burden of high energy costs on industry have come too late to save large parts of Britain's papermaking industry.

The closure by Reed International of its Imperial Paper Mills at Gravesend, Kent, with the loss of 250 jobs, which was announced on Monday, comes after a year of severe rationalization in the sector, for which overpriced energy bears much of the blame.

More than a fifth of the country's paper and board making capacity closed last year, making more than 8,700 people redundant, according to the British Paper and Board Industry Federation.

Coupled with closures of newsprint plants by Bowater and Reed last year, the shutdown announced this week reduces Britain's newsprint-making capacity to less than a tenth of present consumption.

According to Phillips & Drew's most recent analysis of the industry, energy was the fastest rising cost for United Kingdom paper mills during 1980, adding 25 per cent to operating bills compared with a 17 per cent rise for labour.

The federation has estimated that natural gas and electricity prices are more expensive in the United Kingdom than in other competitor countries, and oil prices abroad varied between 19 per cent more and 53 per cent less. The advantage to foreign competitors in natural gas prices was between 6 per cent and 78 per cent, and on electricity between 3 per cent and 93 per cent.

A report by the energy subcommittee of the paper and board sector working party in December said that the industry was the sixth largest user of energy in the country, and had reduced its energy consumption per tonne by 4.8 per cent in 1979 on the previous year.

But there was *prima facie* evidence of unfair competition by foreign mills, which [illegible] receiving hidden subsidies [illegible] offset rising energy costs, [illegible] report said.

The disadvantages to Br[illegible] producers have been [illegible] pounded by the high ster[illegible] exchange rate, interest r[illegible] and inflation, and a fall [illegible] demand.

Total United Kingdom [illegible] sumption of paper and b[illegible] fell 8.8 per cent last yea[illegible] 6.837 million tonnes. Pro[illegible] tion fell 9.6 per cent to [illegible] million tonnes, mainly bec[illegible] of lower output in newsp[illegible] and packaging.

Imports fell in tonnage [illegible] 5.6 per cent to 3.509 mil[illegible] tonnes, but rose in value by [illegible] per cent to £1,111m.

The closure announced [illegible] Reed this week is likely to [illegible] the company £5m in asset [illegible] offs and redundancy paym[illegible] and last year's closure [illegible] Bowater of its Ellesmere [illegible] mill in Cheshire, which [illegible] ployed 1,600, is expected [illegible] cost between £24m and £[illegible]

Phillips & Drew expects [illegible] some of the capacity lost by [illegible] closures will be taken up [illegible] United Kingdom mills incr[illegible] ing their operating rates, b[illegible] considerable amount of ton[illegible] will be lost to imports.

The share of the ma[illegible] which has been taken [illegible] imported products rose to [illegible] per cent last year and is ex[illegible] ted to take more than [illegible] cent during 1981. In [illegible] imports accounted for 37 [illegible] cent of consumption.

Mr John Adams, the fe[illegible] tion's director general, said [illegible] night that the Budget w[illegible] bitter disappointment to [illegible] industry. "All we have b[illegible] asking for is an opportunit[illegible] compete on equal terms [illegible] papermakers overseas", [illegible] said.

The 20p a gallon on derv [illegible] a "dire blow" which w[illegible] add £400,000 to the costs [illegible] one member of the federa[illegible] alone, and between £2m [illegible] £3m to the fuel bills of all [illegible] members.

David Hew[illegible]

Grim outlook for caravan

By Derek Harris

Britain's caravan manufacturing industry, worth £170m a year but hit by closures as production fell last year by 30 per cent, faces more shutdowns and further falls in already diminished profits.

This is the conclusion of the latest survey* of the industry by Inter Company Comparisons.

The industry is now so short of buffers from profits that survival in its present form seems all but impossible, according to the survey, which monitored companies up to the end of the 1979-80 financial year.

The number of quoted c[illegible] panies increasing profits wa[illegible] per cent during the year, [illegible] same level as the previous y[illegible] But the effects of recession [illegible] the strength of sterling hit [illegible] exports were barely showin[illegible] that point.

**Camping and Caravan Eq[illegible] ment Manufacturers and Di[illegible] butors, Fourth Edition: I[illegible] Company Comparisons; £46.[illegible]*

Building output down 5pc

The construction industry's output last year was worth £22,048m, more than 5 per cent down in real terms on 1979, according to figures published yesterday by the Department of the Environment.

The figures, which also confirm the recent climb in unemployment in the building and civil engineering industries, show that there was a continued decline in activity in the final three months of 1980.

Output for the final quarter was 3 per cent lower than for the third quarter, and 12 per cent lower than for the corresponding period of 1979.

Construction industry leaders will take the figures as further evidence of the slide deeper into recession and of the need by the Government to help contractors out of their present difficulties.

In the months leading up to yesterday's Budget, the industry has stepped up its campaign for relief.

It has been particularly badly hit this year by the cutback in public sector construction contracts, which traditionally supply the industry with about half of its work. The civil engineering sector by contrast derives more than 90 per cent of its work from this source.

The steep decline in Britain's housebuilding programme, which led to fewer homes being started than in any year since the war, is confirmed by yesterday's figures.

New work output in the public housing sector during the fourth quarter was down by 7 per cent on the third quarter and by 23 per cent on the fourth quarter of 1979.

New private housebuilding was 4 per cent down and 32 per cent down on the same basis of comparison. For the whole year, new housebuilding was 17 per cent down in the public sector, and 19 per cent down in the private sector.

The only encouraging feature was the resilience of the repairs and maintenance market which has grown in recent years to account for almost two-fifths of total building output.

Although activity in this sector fell off in the fourth quarter, repair and maintenance work overall was 1 per cent higher in 1980 than in 1979.

CENTRAL GOVERNMENT BORROWING REQUIREMENT

	Monthly total £m	Cumulative total £m
1979-80		
February	345	8,070
March	157	8,227
1980-81		
April	934	934
May	2,354	3,288
June	1,331	4,619
July	804	5,423
August	1,592	7,015
September	650	7,665
October	162	8,027
November	2,835	10,862
December	2,318	13,180
January	−1,718	11,462
February	737	12,199

Fall of 2 per cent predicted in GDP

By Frances Williams

The gloomy economic forecast accompanying the Chancellor's Budget statement shows gross domestic product falling by 2 per cent in 1981 over 1980, depressed by a 1 per cent decline in consumer spending, a 5.5 per cent fall in exports and further huge destocking (Table One).

Government current spending up 1 per cent on the year in volume terms, and a decline in imports provide only a limited offset to the factors acting to dampen economic acti[illegible] further.

Though total public spend[illegible] in volume terms is projec[illegible] to rise by £220m (at 1980 [illegible] vey prices) in 1981-82, cuts [illegible] nearly £3,500m are plan[illegible] over the two succeeding ye[illegible] (Table Two).

Forecast of expenditure, imports and gross domestic product(1)

£ million at 1975 prices [illegible]

	Consumers' expenditure	General Government expenditure on goods and services: Final consumption	Fixed investment	Total	Other fixed investment	Exports of goods and services	Change in stocks	Total final expenditure	[illegible]	[illegible]	[illegible]	[illegible]	GDP [illegible]
1979	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1980	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1981	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1979 1st half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1980 1st half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Second half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1981 1st half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Second half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Percentage changes													
1980	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1981	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1981 2nd half	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) GDP figures in the table are based on "composite" estimates of gross domestic product. Note: Figures in £m are rounded to £50m. Percentage changes are calculated from unrounded levels and then rounded to 0.5 per cent. The GDP index in the final column is calculated from unrounded numbers.

Total public expenditure by programme

£ million at 1980 survey prices

	1981-82 £ billion projected cash spending	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81 estimated	1981-82	1982-83	1983-84
Defence	12.3	9,436	9,277	9,032	9,026	9,254	[illegible]	[illegible]	[illegible]	[illegible]
Overseas aid and other overseas services:										
EEC contributions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other overseas services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Agriculture, fisheries, food and forestry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industry, energy, trade and employment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Housing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other environmental services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Law, order and protective services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Education and science, arts and libraries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health and personal social services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Social security	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other public services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Common services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scotland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wales	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Northern Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Government lending to nationalised industries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adjustments										
Nationalised industries' net overseas and market borrowing(1)	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Special sales of assets	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Contingency reserve	2.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
General allowance for shortfall	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Planning total	104	81,281	79,202	74,375	77,971	77,776	79,245	[illegible]	[illegible]	[illegible]

(1) See paragraph 18
(2) Including Civil Aviation Authority.

BANK FIGURES

Eligible liabilities and reserve asset ratios of United Kingdom banks

	Eligible liabilities £000m	Rose over 3 months at annual rate	Reserve asset ratio
1980			
Feb	52,886	4.9	13.2
March	52,779	9.0	13.1
April	54,297	10.8	13.2
May	55,216	19.0	13.1
June	59,455	30.9	13.0
July	61,457	64.6	13.2
Aug	63,137	71.0	13.2
Sept	63,441	59.5	13.4
Oct	65,276	27.3	13.0
Nov	66,003	19.4	13.6
Dec	67,455	27.8	13.5
1981			
Jan	68,041	18.4	11.1
Feb	68,302	14.7	11.1

FINANCIAL NEWS

Stock markets

Banks and oils hard hit but gilts move ahead

All market hopes of a reflationary budget were finally laid to rest last night after Sir Geoffrey Howe had delivered one of the toughest speeches in recent years.

Most dealers admitted that they had a fair idea of what to expect but even they were surprised by the severity of increases in duty and tax on various items.

Hardest hit among the sectors were, predictably, banks and oils which were marked sharply lower after the Chancellor's speech. The windfall tax for banks to raise £400m proved to be at the upper end of expectations and prompted falls of up to 15p upon levels seen earlier in the day. Barclays eventually closed 6p lower at 384p, **Lloyds** 11p at 294p, **Midland** 1p at 317p while **National Westminster** still managed to hold on to some of its earlier gains finishing 4p better at 352p.

Oils were unruffled by the introduction of the new Supplementary Petroleum Duty, but saw heavy falls because of the increase in petrol prices of 20p a gallon. Indeed, the prospect of higher energy costs was regarded by most of the equity market as far outweighing the expected benefit of 2 per cent cut in MLR.

The final picture at the close of business last night remained confused after the low level of activity following the speech. But jobbers admitted that the Government had given little incentive towards reviving industry and prices are expected to open lower when trading resumes this morning.

All this was in sharp contrast to business first thing yesterday when sentiment, helped by some last minute bear closing, saw the index rise by 4.8 at 2pm. But some disappointing wholesale price index and bank lending figures left the *FT* Index only 0.8 higher at 484.3 by the close.

Government securities staged another strong display, buoyed by the prospect of cheaper money, with increases of up to £¾ before lunch. However, bouts of profit taking in the wake of the banking figures left most prices off the top, with gains of £¼ in longs and £1/16 to £¼ in shorts.

Dealers welcomed the news of MLR being reduced to 12 per cent and were able to ignore news of a ½ per cent fall in United States prime rates to 18 per cent by Citibank. But they appeared puzzled by the announcement of a new index-linked variable gilt which is designed to attract the large institutions.

Jobbers in blue chips were disillusioned with the Government's latest measures and described them as severe and inflationary and as providing no incentive to industry. Sellers soon appeared on the scene, but despite marking down, most were showing a slight improvement on overnight positions. **ICI** ended 4p higher at 252p, **Beechams** 3p at 165p, **Unilever** 7p at 485p, **Fisons** 1p at 131p, **Hawker Siddeley** 4p at 286p, **GKN** 8p at 146p and **Courtaulds** 1p at 60p. Even **Dunlop**, on 61p and **Lucas Industries**, on 181p, managed a 2p rise each, despite recent dividend worries. **Tube Investments**, reporting today, rallied 16p to 212p.

Breweries appeared unnerved by the 4p a pint increase in duty, which was at the upper end of expectations. Mr Eric Edgehill, of Brokers Buckmaster Moore, said the increase was very disappointing and would lead to a sector mark down. The position last night was mixed. **Bass** fell 2p to 208p, **Whitbread**, a similar figure at 147p, while small gains were seen in **Allied** at 65½p and ***Grand Metropolitan*** at 174p.

Distillers on the other hand seemed well pleased with the 60p a bottle levy on spirits and the expected mark down failed to materialize. **Invergordon** rose 1p to 165p, while **Arthur Bell** on 158p, **Highland** on 89p and **Tomatin** on 99p were all unchanged.

Tobaccos were also taken aback by the Chancellor's decision to increase duty on cigarettes by 14p a packet. Mr Ian McBean, of brokers Wood Mackenzie, envisaged a 6 per cent to 7 per cent fall in volume sales following the increase, which the industry would be hard pressed to recoup. **Imperial Group** would be the hardest hit and lost 3p to 71½p while **BAT's** eased 8p to 272p and **Rothmans International** shed 1p to 47p.

Mrs Sue Graham, of Scott Goff Hancock, said the Supplementary Petroleum Duty was exactly as expected, and along with PRT and other measures should raise around £1,000m for the Government. But the subsequent increase of 20p on a gallon of petrol was regarded as harsh and likely to produce a knock-on effect throughout the rest of industry.

By the close, **BP** was unchanged at 404p, **Shell** 2p lower at 408p, but rises had been seen in Ultramar, reporting Thursday, 12p to 505p, **Lasmo** 12p to 624p and **Tricentrol** 2p to 292p.

Elsewhere in the market disappointing interim figures left **Manganese Bronze** 2p lighter at 28p and **Sedgwick Group** 8p to 123p while **PMA Holdings** retreated 6p to 26p on its plans to raise £1.1m by way of a rights issue.

Hongkong & Shanghai Bank's large cash call to shareholders resulted in a 10p fall at 166p, and produced similar losses among other Far Eastern issues. **Hutchison Whampoa** dipped 7p to 123p, **Jardine Matheson** 6p to 167p and **Wheelock Marden** 2p to 55p.

Recent figures saw **Parker Knoll "A"** rally 3p to 113p, and **Neil & Spencer** 2p to 46p but **Geo H. Scholes** fell another 8p to 215p.

On the bid front **Robertson Foods** lost 4p to 151p following the official offer document from Avana Group.

Cheaper money saw scattered gains among properties and discount houses, but generally the fall in interest rates had already been discounted.

Equity turnover on March 9 was £107,571m (19,592 bargains). Busiest stocks yesterday, according to the Exchange Telegraph, were, Sedgwick Group, Bowater, Cons Gold, Plessey, Tube Inv, Barclays Bank, NCC Energy, Ultramar, and GKN.

Traded options: Dealers saw a marked improvement in business with 1,458 contracts recorded of which ICI accounted for 290. Traditional options saw calls in Turner & Newall at 8½p, Courtaulds at 6p and Howard Machinery at 3½p.

Latest results

Company Int or Fin	Sales £m	Profits £m	Earnings per share	Div pence	Pay date	Year's total
De Beers Cons (F)	1,085*(1,182*)	0.98*(1,106*)	185.7†(205.7†)	50†(52.5†)	30/4	75†(75.5†)
G. H. Downing (I)	—(—)	—(—)	—(—)	3.6(2.75)	22/4	—(—)
Link House (I)	11.79(10.48)	2.19(2.14)	8.8(8.6)	3.2(2.8)	24/4	—(8.4)
Rosedimond (Inv)	—(—)	0.61(0.53)	6.53(5.11)	3.0(—)	30/4	6.5(5.95)
Sedgwick Group (F)	135(130)	41.6(47.5)	10.1(11.4)	3(3)	30/4	5(5)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. * = Rand. † = Cents.

Norton Warburg investors told of £4.29m deficit

By Philip Robinson

More than 400 small investors of private management finance concern Norton Warburg heard yesterday how £2.5m of their savings had been used by the company for its own expansion plans, which failed.

Even when an attempt was made to raise new finance to repay the clients' account, £157,000 of the cash went as an interest-free bridging loan to the wife of the group chairman, Mr Andrew Warburg. Some of the loan, made last July and expected to be for only five days, has been repaid and Mr Warburg said he was confident that the remaining £113,052 would be repaid in full.

The details emerged in a statement of affairs read to both shareholders and creditors at a meeting in London prior to putting the group, which once made its name advising high earning pop stars such as Pink Floyd, into voluntary liquidation. The statement shows a total group deficit of £4.29m.

The directors made it clear through the company's solicitor that they do not accept some parts of the accountant's report. They declined to specify examples.

The statement, prepared by accountants Robson Rhodes and Cork, Gully, shows that investments with a book value of £5.1m will realize only £827,000.

A debt of £339,000 owed to the group by the accounting firm Warburg Perera & Co—whose partners are Mr Warburg and Norton Warburg, director Mr Melvin Perera—will realize just a third of that. Some of the debt is disputed.

In addition loans that total £880,000 and include £147,000 to a horse racing stable 50 per cent owned by NWG, advances for film options, to musical group management and an inventor, are written down to £70,000. Interest-free loans to past and present directors of £117,000 are expected to yield £55,000.

Mr Warburg disclosed after a shareholder's question that the group directors—he and Mr Perera, both members of the Institute of Chartered Accountants, and Mr Peter Howland—paid themselves a total of £65,000 for the year to the end of last January. They also received £400 each for the two weeks to the middle of February, when the board decided to ask shareholders to put the group into voluntary liquidation.

Last July the group decided to make a private placing of 1.75 million £1 shares. The directors exchanged their existing shares for new shares but did not put up any new cash for the company. The placing was not fully subscribed and raised £1.29m. In the placing document, which was not audited, directors said profits to the end of last year were expected to be £450,000 and estimated current profits to be £750,000. One director yesterday said he was not qualified to say but believed that Norton Warburg Investment Management had made a loss.

Rights issue at PMA to cut borrowings

By Peter Wilson-Smith

PMA Holdings, the furniture maker which has been in severe financial difficulties, is raising £1.1m by a rights issue of preference shares. The issue is underwritten by Keyser Ullmann, a leading shareholder in PMA with a 6.9 per cent stake.

The latest move to cut group borrowings, which had escalated to £8.9m by January, was foreshadowed last month when PMA announced the sale of Ladyship International and its subsidiary, Gower Furniture, the flat-pack furniture maker. Together with various property sales, those measures raised an estimated £5.7m as well as reducing group borrowings by a further £853,000.

PMA's bankers have now confirmed that, subject to completion of the rights issue, they intend to allow PMA borrowing facilities adequate for its present needs.

The £1 preference shares, offered at par on the basis of seven for each 40 ordinary shares held, are 10 per cent convertible, cumulative and redeemable. A capital reduction of each 25p nominal ordinary share to shares of 10p is also planned because at least £3.2m of capital is estimated to have been lost or is unrepresented by assets.

PMA has suffered badly from high interest rates and from the recession in the furniture industry. But the roots of the present crisis lie in the acquisition of Harris Lebus in May 1979. PMA has had to make substantial provisions for trading commitments incurred by Lebus before it was bought and for costs for which it was committed.

Mr Malcolm Meredith, chairman of PMA Holdings.

Results, finally revealed, for the year to March 31, 1980, show PMA's pretax profits up from £367,000 to £535,000 but after £2.7m extraordinary costs—mainly write-offs relating to Lebus—there was a £2.2m attributable loss compared with a £232,000 profit. The provisions relating to Lebus incurred an auditor's qualification and after legal advice, the board is considering certain courses of action.

Employees win bid for Hornby

By Our Financial Staff

Directors and staff of Hornby Hobbies, backed by a syndicate of City institutions, have reached an agreement in principle to buy the company from Coopers & Lybrand, the receiver for the parent group, Dunbee-Combex-Marx. The purchase price was not disclosed.

Mr Karl Mueller, the managing director, was delighted with the news yesterday. The syndicate, put together by stockbroker Earnshaw Haes and financial consultants Guidehouse, includes about a dozen institutions, among them Citicorp Development Capital, Electra Investment Trust, FS Assurance, and the SUMIT fund. It will now form a holding company to complete the purchase, which will take about a fortnight.

An undisclosed number of rival bids were made for Hornby, whose parent company folded in February 1980 with debts of over £18m.

J. Rothschild offer for Sizewell unconditional

J. Rothschild International Investments's recommended offer for Sizewell European Investment Trust has been accepted on 7.4m shares some 92.9 per cent and has been declared unconditional as to acceptances.

Holders of 4.36m shares have indicated that they will receive shares of JRII, and holders of 3.069m have elected to receive cash. The cash option will close on the day on which the offer becomes unconditional in all respects.

It has been extended and will remain open for acceptance until further notice.

Hoover faces another difficult year

Mr M. R. Rawson, chairman of Hoover, tells shareholders in his annual review that there is no doubt in his mind that 1981 will be another difficult year. Further short-time working in the three United Kingdom factories will be necessary.

The company is to continue with its rationalization plans. These will involve once-off costs which reduce profits in the short term.

Rosedimond ahead for year

Net revenue before tax of Rosedimond Investment Trust rose from £531,500 to £612,000 for the year to January 31. This was struck after expenses of £31,000 against £69,000. Earnings a share were 6.53p against 5.11p and the net asset value a share 158.8p against 129.7p. The second distribution was 4.28p gross making a total for the year of 9.28p against 8.5p.

TR Energy offer over subscribed

TR Energy says that the firm applications referred to in the offer for sale document were duly received for a total of 5m shares and these were accepted in full. Of the remaining 5m shares offered for sale, more than 8,750 applications were received for a total of over 17.75m shares.

Briefly

Associated Dairies Group: Acceptances have been received in respect of 28m shares representing about 92.5 per cent of the rights issue.

Chambers and Fargus: Mr Harvey Michael Ross has disposed of his remaining balance of 160,500 shares.

The directors intend to hold a board meeting on March 23 at which the six months unaudited results to December 1980 will be considered and announced.

Ault and Wiborg Group: Sun Chemical Corporation purchased 225,000 shares (1.15 per cent) on March 4 and is now interested in 9.42m ordinary (47.99 per cent).

St Andrew Trust: British Railways Board in its capacity as trustees to various Railway Pension Funds owns 772,500 (6.7 per cent) shares.

Leda Investment Trust: London Trust has sold a further 125,000 income shares reducing holding to 535,000 shares (10.7 per cent).

Thomas Warrington and Sons: Zepley Pyas Property group has acquired 305,590 shares (10.16 per cent).

Brooke Tool Engineering Holdings: Purchase of Provincial Cities Trust had provided group with significant funds available for acquisitions", Mr D. M. Sandy Saunders, chairman, told the annual meeting today in London. Extra costs will inevitably use up most, if not all, of the operating profits earned in the first six months of 1980/1981. However, an increasing market share in second half should restore profitability to a more reasonable level.

Countryside Properties: Mr Alan H. Cherry, deputy chairman, told the AGM that the profits for first half of the current year will be somewhat less than the record profit achieved in the same period last year. This is partly due to fact that there will be no sale completions of commercial property developments during the first half.

Monument Securities: Offer by T. C. Coombs & Co on behalf of Munton Brothers PLC for the ordinary shares of Monument Securities has now been declared *unconditional* as to acceptances; acceptances have been received from shareholders holding a total of 6.15m ordinary shares representing 82.9 per cent of the issued capital of Monument. The offer will remain open for acceptance until March 24 1981 and will not be extended beyond that date.

Bank Base Rates

ABN Bank	14%
Barclays	14%
BCCI	14%
Consolidated Crdts	14%
C. Hoare & Co	*14%
Lloyds Bank	14%
Midland Bank	14%
Nat Westminster	14%
TSB	14%
Williams and Glyn's	14%

* 7 day deposit on sums of £10,000 and under 11½%, up to £50,000 12%, over £50,000 12½%.

H K & Shanghai's £170m issue

By Roman Eisenstein
Banking Correspondent

Hongkong & Shanghai Banking Group is making a £170m rights issue, the largest-ever cash call in the colony. It has also disclosed a £373m property surplus after a revaluation as well as reporting a 40 per cent increase in 1980 profits.

The group made record profits of HK$1,431m (£120m) compared to HK$1,014m (£86m) in 1979. It is understood that the figures include for the first time the full results of Marine Midland Bank acquired last year.

Profits have been struck after providing for taxation and after transfers to inner reserves from which provision for any decrease in the value of assets has been made. The preliminary statement says that audited accounts will be published at a later date.

The board has declared a special interim dividend of 47 cents (11p) a share instead of a final dividend. This will cost HK$524m.

The group is making a scrip as well as the rights issue. The board will recommend to an extraordinary general meeting to be held on April 9 that the authorized capital of the group be doubled from HK$4,000m to HK$8,000m. It is being proposed that a one-for-four scrip issue be made to shareholders by the capitalization of HK$696m from reserves. The bonus shares will not rank for the interim ex dividend.

If this recommendation is approved, the reserve fund will be restored by the transfer of HK$231m from undistributed profits and of HK$400m from inner reserves.

The board also proposes to make a rights issue of 167.1m shares of HK$2.50 each. The rights issue which tops the £34m cash call made by Jardine Matheson last year, will be made in the proportion of three new shares for every existing 20 shares at HK$12 a share. The issue, which will raise HK$2,005m will be payable as to 50 per cent on acceptance of the offer and 50 per cent on October 22.

The board says that the rights issue is being made because the group's assets are rising rapidly. They want to ensure a better balance between assets and shareholders funds.

The property revaluation, the first the group has undertaken, reveals that its properties, which include sites in Hongkong, Manila, Singapore and other Asian financial centres are worth £500m not £127m.

Poor sales depress De Beers

De Beers Consolidated Mines, the South African diamond producer controlled by Mr Harry Oppenheimer, saw pretax profits fall last year to R978m (£443m) from R1,106m in 1979.

The company has declared a final dividend of 50 cents, making 75 cents for the whole year, an increase of 2½ cents. The reduction of 2½ cents in the final is in line with the aim of reducing the disparity between interim and final payments.

Earnings a share excluding undistributed earnings also fell sharply to 185.7 cents from 205.7 cents. But for the first time De Beers includes figures for undistributed earnings. If they are included, full earnings a share in 1980 were 1.5 cents up at 237.3 cents.

Poor diamond sales were the chief reason for the fall in profits. The diamond account, which includes income from investments in the diamond trade, brought in R816m against R962m in 1979. At the same time the value of diamond stocks soared by R289m to R698m.

Diamond price increases during 1980 were offset by the strength of the rand against the dollar, in which diamonds are denominated.

One bright spot was the better earnings from investments outside the diamond industry, increasing from R200m to R236m.

Competition in U S hits Sedgwick

By Richard Allen
Insurance Correspondent

Sedgwick Group, Britain's biggest insurance broker, got the sector's results season off to a gloomy start yesterday with news of a pretax profits fall of 12.5 per cent to £41.6m last year.

The result fell short of stock market forecasts and was taken as a clear indication that severe competitive conditions, particularly in the United States are showing no signs of letting up.

Shares in Sedgwick, which is still in the midst of merger talks with Alexander & Alexander, the second-biggest insurance broking group in the United States, fell 6p to 123p on the announcement. The group has maintained the final dividend payment at 4.29p gross to leave the total for the year unchanged at 7.14p gross.

Mr Neil Mills, the chairman, said yesterday that Sedgwick had acquired an "encouraging amount" of new business throughout the world. But because of lower rates charged by underwriters commissions had been squeezed with the result that revenues from broking increased by only £5m to £135m.

At the same time the group was unable to take full advantage of higher interest rates and investment income actually fell below that recorded in 1979. Mr Mills said that this was partly because of a fall in cash balances as a result of increased claims from policyholders. Brokers traditionally pay out some claims themselves before recouping the cash from the underwriters.

Cons Gold forms key Australian company

By Michael Prest
Mining Correspondent

Consolidated Gold Fields, the United Kingdom mining and industrial group, said yesterday that its new Australian vehicle will be a freshly incorporated public Australian company called Renison Goldfields Consolidated. This puts flesh on plans announced two weeks ago to reorganize its Australian interests.

Cons Gold will have 49 per cent of RGC. Mr John Howard, the Federal Treasurer, has said that he will grant the new company naturalized status, one of the chief reasons for the restructuring. All Cons Gold's main existing Australian holdings will go into RGC.

The master company is Consolidated Gold Fields of Australia, which is 70 per cent owned by Cons Gold. CGFA in turn holds 53.3 per cent of Renison, the world's biggest underground tin mine; 62.2 per cent of Associated Minerals, a mineral sand producer; and 56.1 per cent of Mount Lyell, a copper miner.

Under a highly complex and interrelated set of schemes of arrangement, shareholders in the companies will be asked to accept RGC shares and cash in exchange for their present holdings. The Australian public will then be offered 51 per cent of the RGC equity.

On top of this, Cons Gold will put into RGC the cash it receives as a CGFA shareholder and as a direct holder of 4.8 per cent in Renison. Cons Gold will also inject further cash into RGC by subscribing for more RGC shares.

In all, Cons Gold will invest in RGC A$29.4m (£15m) cash and take up ordinary and deferred ordinary shares worth A$25.2m, making a total of A$54.6m.

A major incentive to shareholders to accept the deal is the expectation that RGC will declare a 25 per cent dividend for the period to the end of June this year.

Cons Gold says the much larger company created by these transactions will enable the group to play a much bigger role in the Australian mining boom.

Mr Harry Oppenheimer, chairman of De Beers Consolidated Mines.

Associated bid for BEP thwarted

Associated Newspaper Group, the publishers of the *Daily Mail*, yesterday failed by a narrow margin at the first stage of its attempted £7.7m takeover of the Bristol Evening Post group.

At an extraordinary meeting in Bristol more than 120 shareholders of BEP voted to support an amendment to a resolution that would have allowed Associated to increase its shareholding in BEP.

The shareholders voted for the amendment, which allows BEP to sell its shares to anyone without the agreement of Associated by 18.4m to 17.9m.

After the meeting Mr Andrew Breach, chairman of BEP, said he was glad the takeover bid had been defeated but admitted he was surprised at the closeness of the votes. Mr Mike Shields, managing director of Associated said: "It was very close. We will have to think carefully about our next move." Associated had offered 190p for ordinary BEP shares.

Owen Owen deal with Hudson's

By Peter Wainwright

Owen Owen, the Liverpool-based chain of 22 department stores, has decided to buy out the minority holding in its Canadian retailing subsidiary, G. W. Robinson, rather than sell the company.

A 49.9 per cent stake is held by Hudson's Bay Company and Owen has been considering its position in Canada since last spring, when it became clear that the Thomson family was taking control of Hudson's Bay. The shareholding in G. W. Robinson is governed by an agreement made in 1972, which provides that if either big shareholder has a change of control, the affected shareholder must offer to sell to the other partner.

Owen Owen is buying out the Hudson's minority for £2.3m cash. The money will come from existing balances and borrowings. The pretax profit stake attributable to Hudson's was £287,000 in the year to last January. Robinson as a whole made about £575,000.

In 1979-80 Canada saw pretax profits fall from £546,000 to £329,000, pulled down by the strong pound and losses at a new store. The recent heavy investment programme at Robinson is, however, expected to improve profits in the next few years. Profits of the Owen Owen group for the 53 weeks to last January, to be announced in April, will be "in the existing difficult economic conditions—reasonably satisfactory".

Business appointments

New chief for P. D. T. Hulmes announced

Mr K. F. Rutherford is to succeed Mr L. C. Bartlett as managing director of **PDT Hulmes**, a part of Powell Duffryn Timber, following Mr Bartlett's retirement.

Mr Brian Hardy has been made assistant secretary of the **Accepting Houses Committee** and of the **Issuing Houses Association**. Mr Hardy was formerly secretary of the London and Yorkshire Trust Group and a director of London and Yorkshire Trust.

Mr Derek A. Roden has joined the board of **Lumsden Buckley & Houston.**

Mr B. G. Blackhorn has become director of professional services of **Deloitte Haskins & Sells International**. He is succeeded as national accounting audit partner in the United Kingdom by Mr M. L. Patient.

Mr H. F. W. Cory has been elected to the national board of directors of **CoSIRA** (the Council for Small Industries in Rural Areas). Mr Cory has been chairman of CoSIRA's Wiltshire Small Industries Committee since 1976.

Mr Kenichiro Hiyama, managing director of **Toshiba (UK)** has been promoted to the post of chairman. He is succeeded as managing director by Mr Toshihide Yasui who joins Toshiba (UK) from Toshiba Hawaii where he was president.

Mr Michael Hunton and Mr C. D. Johnson have become directors of **Associated Container Transportation** representing The Charente Steam-Ship Company. They succeed Mr Marcus Graham and Mr Gordon Reid who retired at the end of February.

Mr Christopher R. Iler is now financial director, company secretary of **Cannon & Stokes**, a member of the Associated Engineering Group.

The Over-the-Counter Market

1980/81 High	Low	Company	Price	Ch'ge	Gross Div(p)	Yld %	P/E
75	39	Airsprung Group	66	+1	6.7	10.2	5.9
48	21	Armitage & Rhodes	49	+1	1.4	2.9	20.2
192	92½	Bardon Hill	189	−1	9.7	5.1	7.1
98	88	Deborah Services	95	+1	5.5	5.8	4.7
126	88	Frank Horsell	106	—	6.4	6.0	3.3
110	40	Frederick Parker	40	—	1.7	4.3	17.4
110	74	George Blair	74	—	3.1	4.2	—
110	59	Jackson Group	107	—	6.9	6.4	4.1
124	103	James Burrough	119	—	7.9	6.6	9.8
334	244	Robert Jenkins	328	—	31.3	9.5	—
55	50	Scruttons "A"	51	—	5.3	10.4	3.7
224	215	Torday Limited	216	—	15.1	7.0	3.7
23	10	Twinlock Ord	11¼	—	—	—	—
90	69	Twinlock 15% ULS	72	—	15.0	20.8	—
56	35	Unilock Holdings	46	−1	3.0	6.5	7.1
103	81	Walter Alexander	101	—	5.7	5.6	5.6
263	181	W. S. Yeates	263	+2	12.1	4.6	4.3

Sanyo up 42pc as exports soar

International

Sanyo Electric, the Japanese appliances manufacturer, said that brisk sales overseas and foreign exchange gains combined to boost its net profits by 42 per cent to 30,300 yen (£66m) in the year to last November 30. Sales rose by 21.6 per cent to 917,000m yen.

Exports increased by 45.2 per cent to 548,000m yen. Domestic sales, on the other hand, fell by 2 per cent to 369,000m yen.

Foreign exchange gains were 9,600m yen. Revenues from invisible transactions such as the export of technologies also made a contribution, the group added.

Sales of electrical machinery for commercial use and gas and oil equipment declined in the year, but sales of other products rose. Sales of electronic machinery, which accounted for 57.3 per cent of overall sales, showed a sharp 33.4 per cent increase to 525,000m yen.

EZ plans rights issue

EZ Industries of Australia plans a one-for-one share issue to raise A$66.1m (£33m) for general purposes. The issue will be in the form of a renounceable rights offer at A$3.50 a share.

The 18.9 million new A$1 ordinary shares will not rank for the interim dividend, which has just been declared, and will be entitled to only one half of the final dividend to be declared for the year to June 30.

The board at EZ said that the new shares would participate fully in subsequent dividends.

The issue will raise the EZ issued capital to 94.5 million A$1 ordinaries.

Last month the company reported net profit of A$9.71m for the first half year against A$33.1m a year ago.

Kubota third-quarter drop

Kubota, Japan's leading manufacturer of agricultural and industrial machinery, reported in Tokyo that its consolidated third-quarter net profit fell by 24.5 per cent to 2,353m yen (about £5m), mainly because of sagging sales of agricultural machines and heavier borrowing costs.

Overall sales declined by 5.7 per cent to 103,379m. Sales of agricultural machinery slumped by 22.7 per cent to 35,959m yen, while those of housing materials dropped by 20.2 per cent to 9,776m yen.

However, Kubota sold pipes worth 40,425m yen—a 13.5 per cent rise—and industrial castings and machinery valued at 17,219m yen. The main reason for the poor earnings performance was a drop in net sales and an increase in general and administrative expenses and heavier borrowing costs. However, exports jumped by 46.4 per cent to 15,555m yen.

Pirelli back in profit

Industrie Pirelli, the main operating unit of the Pirelli tyre and rubber group, returned to the black for the first time since 1971, posting a 3,500m lire (£150m) profit in 1980 compared with a loss of 18,000m lire in 1979.

Turnover at the company rose by roughly 30 per cent to 1.3 trillion lire from 998,000m in 1979.

The company is 58 per cent held by Pirelli S.P.A., while the U.K. tyre group Dunlop holds another 19 per cent and a bank consortium the remaining 23 per cent.

Mitsubishi Australia

Mitsubishi Motors Australia, formerly Chrysler Australia, said that in 1980 its net profit was A$7.01m (£3.7m), against A$12.3m in 1979.

Gross revenue in the year rose to A$428.45m from A$368.3m, but performance was affected by severe price competition, Mitsubishi said.

MARKET REPORTS

Commodities

Discount market

Credit conditions remained very tight yesterday. However, much of the shortage was confined to the interbank market, the houses benefiting from the restoration of the 10 per cent reserve asset ratio after the recent technical reduction to 8 per cent. Overnight money interbank swung up to touch 40 per cent at one time during the day. Houses, meanwhile, were stuck fast on 14 per cent. The Bank of England was eventually required to assist the market on a small scale.

Foreign exchange report

Nervous and lower for much of yesterday's session, the pound finished on a very firm note following the Budget which contained a two-point cut in MLR, which had been well discounted and was less than many operators had feared.

After an early "low" of $2.2060, the rate against the dollar reached $2.2350 immediately after the MLR announcement — and eventually closed at $2.2285.

The United Kingdom money supply and Wholesale Prices Index made little impact.

Trade-weighted sterling fell to 98.6 from 99.1, but this was calculated well before the pound's late upturn. One time-losses in terms of Continentals were erased —and sometimes replaced by small net gains. The dollar was on a downward tack throughout, though it closed off the bottom, depressed at various times by factor like lower Euro-dollar rates, President Reagan's passing comments on arming the Afghans, and, more significantly, the prime rates cuts (half-a-point to 18 per cent) by Citibank and others.

Sterling: Spot and Forward

Other Markets

Indices

Dollar Spot Rates

Money Market Rates

EMS Currency Rates

Euro-$ Deposits

Gold

Sugar falls to lowest for nearly a year

In the absence of fundamental news and in thin trading yesterday, sugar fell to its lowest for almost a year. At one point, "raws" for August delivery were down to £228 a tonne.

As a result of low prices, the International Sugar Organisation warned that the 15-day average has slipped within the Agreement's intervention range of 13 to 23 cents a pound.

The latest ISO daily price was given yesterday morning as 21.07 cents. But the indicator price has to stay below 21 cents a pound for five days before action is staken.

Trade sources point out that buying interest is likely to develop over the next few days. Morocco is expected to be in the market today for 13,000 tonnes of bagged "raws" for October delivery and 5,000 tonnes of cube sugar for April.

Wall Street

New York, March 10.—Stocks on the New York Stock Exchange closed lower in active trading as the NYSE index lost 0.36 to 74.73 and the average price per share 16 cents.

The Dow Jones industrial average fell 3.76 to 972.66 and declines led advances 820 to 710 as volume expanded to 56,610,000 shares from 46,180,000 yesterday.

Among blue chips, General Motors lost 1½ to 51⅞. Du Pont ¼ to 49½, IBM ⅛ to 62¼ and Sears Roebuck ¼ to 16⅞, all in active trading. United States Steel slipped ⅜ to 30⅞. Eastman Kodak ⅞ to 79⅝ and Westinghouse ⅛ to 29¼. General Electric tacked on ⅛ to 67⅞, American Telephone ⅜ to 51¼ and Procter and Gamble 1 to 72⅞.

Active RCA Corporation lost two to 28⅞, ex-dividend. It said heavy spending to promote its new videodisc product, Selectavision, and weak performance of its NBC broadcasting unit will depress first quarter profits.

Volume leader Sony Coroporation ended at 17⅞, up ⅜, after hitting a new high of 18⅛. Analysts said Sony continues to benefit from the strong performance of its Betamax video tape recorder. It is also developing for mid-1982 introduction, a digital sound reproduction system to replace conventional sound recordings.

US commodities

GOLD gained $11.60 to a late quote of $483-$485. NY COMEX.—March, $482.50; April, $483.00-486.00; May, $490.80; June, $493.50-497.00; Aug, $508.00-510.00; Oct, $519.70; Dec, $530.00-535.00; Feb, $545.50; April, $556.00; June, $567.60; Aug, $579.90; Oct, $593.30; Dec, $603.90. CHICAGO IMM.—June, $565.00 bid; Sept, $585.00 asked; Dec, $602.00 asked; March, $620.00 asked; April $618.20 normal; June, $630.08 normal; July, $637.10 normal.

Canadian Prices

Authorized Units, Insurance & Offshore Funds

Offshore and International Funds

Stock Exchange Prices

Bear closing

ACCOUNT DAYS: Dealings Began, March 2 Dealings End, March 13. § Contango Day, March 16. Settlement Day, March 23

§ Forward bargains are permitted on two previous days

BRITISH FUNDS

SHORTS

[illegible]

MEDIUMS

[illegible]

LONGS

[illegible]

COMMONWEALTH AND FOREIGN

[illegible]

LOCAL AUTHORITIES

[illegible]

DOLLAR STOCKS

[illegible]

BANKS AND DISCOUNTS

[illegible]

BREWERIES AND DISTILLERIES

[illegible]

COMMERCIAL AND INDUSTRIAL

A—B

[illegible]

C—E

[illegible]

F—H

[illegible]

I—L

[illegible]

M—N

[illegible]

O—S

[illegible]

T—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

1980/81 High	Low	Company	Price	Ch'ge	Gross Div pence	Yld %	P/E
SHIPPING							
346	178	Brit & Comm	294	..	17.9	6.1	7.4
205	116½	Fisher J.	173	+7	2.9	1.7	14.2
41	31	Jacobs J. I.	38	..	3.1	8.3	..
143½	85½	Ocean Trans	140½	+1	12.7	9.0	16.8
137	105	P & O 'Dfd'	126	+1½	10.0	7.9	7.5
MINES							
16½	8½	Anglo Am Coal	£11⅞	● +¼	60.7	5.2	..
802	485	Anglo Am Corp	605	+11	49.0	7.9	..
59¼	30½	Ang Am Gold	£40⅝	+1⁵⁄₁₆	501	12.3	..
56⅛	36⁹⁄₁₆	Anglo Am Inv	£42	+1	161	3.8	..
22	13¼	Anglo Transvl	£17	..	144	8.5	..
22	13¼	Do 'A'	£17	..	144	8.5	..
25	13½	Asarco	£16⁵⁄₁₆	+⅛	60.0	3.5	..
73	43	Beralt Tin	63	-3	7.1	11.3	..
12½	4⅝	Blyvoors	£7⅛	+⅛	196	27.6	..
277	139	Bracken Mines	171	+10	47.4	27.7	..
29¹⁵⁄₁₆	11⅞	Buffelsfontein	£17⅞	+⅜	419	23.8	..
350	213	CRA	231	+4	..	..	..
283	137	Charter Cons	221	+5	12.0	5.4	..
652	411	Cons Gold Fields	443	-13	33.6	7.6	..

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

1980/81 High	Low	Company	Price	Ch'ge	Gross Div pence	Yld %	P/E
168	110	Prop Hldgs	166	+4	4.4b	2.7	..
203	90½	Prop Sec	198	+5	2.6b	1.3	84.3
19	7	Raglan Prop	15½	..	..	..	70.5
160	95	Regional	160	● ..	2.9	1.8	36.3
157	94	Do A	155	● ..	2.9	1.8	35.1
287	100	Rosehaugh	287	+5	3.0	1.0	12.3
252	117	Rush & Tomkins	220	+2	5.4	2.4	..
122	91⅞	Scot Met Props	123	+1	3.9b	3.2	33.9
156	93	Slough Ests	152	+1	3.6	2.3	26.7
352	234½	Stock Conv	340	+5	5.0	1.5	38.5
32	15¾	Town & City	30¾	+¼	0.0e	..	..
160	111	Trafford Park	154	..	8.6	5.6	18.8
306	205	Trust Secs	301	-2	..	..	..
25½	14	Webb J.	24	● ..	0.5	2.1	12.4
26¾	21	Wereldhave	£21	..	125	6.0	12.1
68	27½	W'minster & C'ty	68	..	4.6	6.8	5.4
RUBBER							
130	75	Barlow Hldgs	121	..	4.3	3.5	..
555	306	Castlefield	490	..	8.6	1.7	..
57½	39½	Cons Plant	50	● +½	3.5	7.0	..
198	115	Dunlop Malaysia	161	..	4.3	2.7	..
938	627	Guthrie Corp	750	..	42.9	5.7	..
223	153	Harrisons Malay	191	● +1	11.4	6.0	..
61½	45	Highlds & Low	56	+1	2.1	3.8	..
765	495	Hongkong	765	..	60.0	7.8	..
570	363	Killinghall	570	..	20.0	3.5	..
465	200	Ldn Sumatra	366	h -2	11.4b	3.1	..
130	66	Majedie	124	+1	3.2	2.6	..
TEA							
245	148	Assam Frontier	198	..	14.3	7.2	..
485	350	Camellia Inv	415	..	5.7	1.4	..
378	279	McLeod Russel	310	+3	21.4	6.9	..
333	263	Moran	270	● ..	4.6t	1.7	..
158	103	Surmah Valley	103	..	3.2	3.1	..
219	132¾	Warren Plant	209	-1	14.3b	6.8	..
MISCELLANEOUS							
48	25	Calcutta Elec	28	..	6.8	24.2	..
34½	29½	Essex Wtr 3.5%	£32¾	..	500	15.3	..
27½	19	Gt Nthn Tele	£24	+½	153	6.4	8.8
233	197	Imp Cont Gas	216	+1	10.1	4.7	10.2
185	93	Milford Docks	113	..	9.8	8.7	..
165	88	Nesco Inv	165	+10	10.0	6.1	..
35	28½	Sunderlnd Wtr	£32½	..	500	15.4	..

● Ex dividend. a Ex all. b Forecast dividend. e Corrected price. e Interim payment passed. f Price at suspension. g Dividend and yield exclude a special payment. h Bid for company. k Pre-merger figures. n Forecast earnings. p Ex capital distribution. r Ex rights. s Ex scrip or share split. t Tax free. y Price adjusted for late dealings. .. No significant data.

RECENT ISSUES

	Closing Price
Allied London Prop 9½% Cnv 1999 (‡)	£100½
Bristol Water 8% Red Pref 1986 (‡b)	£11⅞
British Aerospace 50p Ord (150)	175+3
Dunbar Group £1 Ord (303)	415+5
Espley-Tyas Prop Grp 25p Ord (75)	93
Exchequer 12% Cnv 1985 (‡)	£97½
Exchequer 12% 'A' 1998 (‡)	£92½+¼
Exchequer 12¼% 'B' 1999 (‡)	£80¾+½
Lon Merchant Secs 7¾% Cnv Ln 2000–05	£140¼
Mid-Sussex Water 8% Red Pref 1986 (‡)	£102½
New Darien Oil Trust 25p Ord (100)	99–1
New Tokyo Inv Trust 50p Ord	120–2
Oil and Gas Production 2c Ord (42)	39
Portals 9½% Cnv 1994-2000 (‡)	£125¼
Treasury 12% 1996 (‡h)	£30½+¼
Treasury 11½% 1989 'A' (‡)	£91½+¼
Treasury 11¾% 2003-2007 'A' (‡)	£88⅛

RIGHTS ISSUES	Latest date of renun	
Broken Hill Props (473‡)	Apr 30	215 prem+10

Issue price in parentheses. * Ex dividend. † Issued by tender. ‡ Nil paid. a £60 paid b. £10 paid. f Fully paid. g £40 paid. h £20 paid

Property

The appeal of a large living area

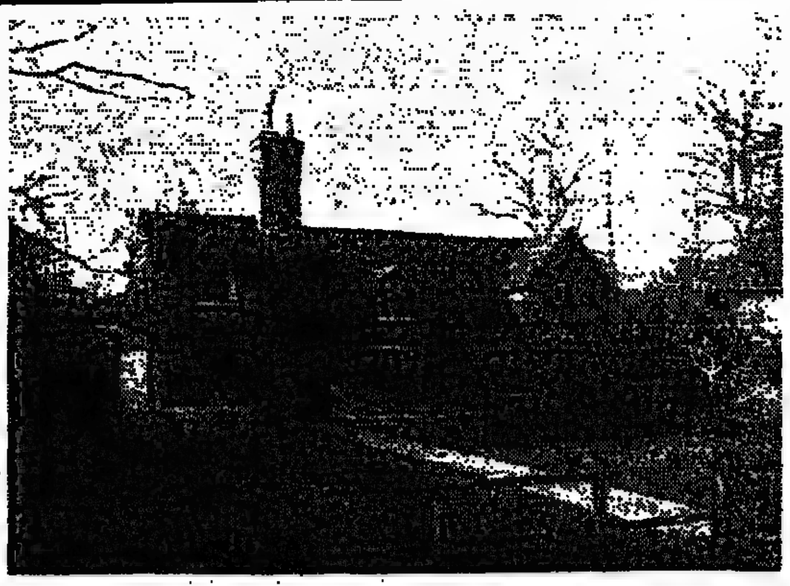
Large living areas appeal to many people, but are more commonly found in modern houses built to meet particular needs rather than in the more traditional type of property. This type of layout often tends to complement the idea of the "inverted" house, in which the greater part of the daily living area is on an upper floor, offering the advantage of more extensive views.

One particularly good example along these lines is provided by The Map House, on Harcourt Hill, near Oxford. It was designed by a local architect and built in 1968 for Mr Martin Gilbert, the historian and biographer, who is the present vendor. The downstairs accommodation includes a reception and dining hall, a large combined kitchen and breakfast room, playroom, four bedrooms and two bathrooms.

The entire first floor is in two large areas, a study and a drawing room, linked by a wide archway and giving a total length of 60ft and a width of 15ft 6in. From here there are wide views over the city of Oxford. Construction is of white-painted brick with partly-boarded walls, and the house stands in about an acre of garden. Offers about £135,000 are being asked through Lane Fox and Partners, of Middleton Cheney, near Banbury, and Buckell and Ballard, of Oxford.

Going back to the middle 1930s and more traditional but also well positioned is Darkwater, at Lepe, Hampshire, with views down the Darkwater Valley to The Solent and the Isle of Wight. Extensive modernization and improvement have been carried out in recent years. In the main house there are three reception rooms, six bedrooms, a dressing room, two bathrooms, and a games room in the attic.

There is a separate cottage with a living room, two bedrooms, and its own kitchen and bathroom. A number of outhouses are on the property which extends in all to three and a quarter acres. The price is £110,000 and the agents are Jackson and Jackson, of Lymington.



Dormer Cottage, a grade two listed building, near Frensham, Surrey, for sale at £77,500.

Good views are also a feature of Needham Mill House, at Needham, near Harleston on the borders of Norfolk and Suffolk, which has an extensive frontage to the River Waveney. Probably dating originally from the eighteenth century with many early features, the house is built mainly of brick with some fine exposed beams.

There are two reception rooms, an unusually large and well-equipped combined kitchen and breakfast room, together with three bedrooms and two bathrooms on the first floor. Outside, a former granary provides garaging and a workshop. Gardens and paddock extend to one and three quarter acres and include a frontage of about 200 yards to the river. The price is £73,000 and the sale is through the Norwich office of Strutt and Parker.

Very much in the country cottage style is Dormer Cottage, at West End, Frensham, near Farnham, in Surrey, possibly of Jacobean origins and with a grade two listing as being of special architectural or historic interest. Early features include latticed windows and a clay-tiled roof; an extension added in 1974 is in the same style.

Because there are two staircases, part of the accommodation could be used as a separate annexe. There are two reception rooms, a large playroom and four bedrooms.

The garden, mainly lawn, extends to about a quarter of an acre. The price is £77,500 and the agents are Weller Eggar, of Farnham.

Another interesting property in similar style is Nevills Cottage, at Blackboys, some four miles from Uckfield, Sussex. It is reputed to date from the fourteenth century, much the same age as the noted Blackboys Inn. Features include an inglenook fireplace and some good exposed timbering, some of which is in Hornbeam.

It has two main reception rooms, a further downstairs sitting room or extra bedroom, and three main bedrooms. Outhouses include a double garage and the garden with lawns and paved terracing runs to about a quarter of an acre. The price is £57,500, through Braxtons' Uckfield office.

Higher in the price scale and much in the classical manner is Sutton Hall, at Sutton-under-Whitestone Cliffe, unusually well located close to the spectacular escarpment of Sutton Bank. It is an elegant early eighteenth century house with a grade two listing and has four reception rooms, six bedrooms, and three bathrooms. The whole property runs to about 23 acres and includes a small gardener's cottage, which is subject to tenancy.

An unusual feature is that planning permission has been obtained for the conversion of two ranges of farm buildings into nine flats. These would seem to have good potential for holiday letting in this attractive part of the country. Formal gardens near the house are well landscaped and a stream r[illegible] through the land. A price [illegible] £160,000 is being asked and [illegible] agents are Jackson-Stops [illegible] Staff, of York.

A nice mixture of periods [illegible] represented by Send Bar[illegible] between Guildford and Wok[illegible] Surrey. It was built proba[illegible] about the middle of the sev[illegible]teenth century with additi[illegible] made in the eighteenth and [illegible] centuries. Here the acco[illegible]modation includes three rec[illegible] tion rooms, library, study, [illegible] bedrooms and a dressing ro[illegible]. In addition there are [illegible] ther rooms, formerly a nurs[illegible] suite, which could be made s[illegible] contained. Gardens and grou[illegible] run to three acres. Offers ab[illegible] £200,000 are being asked thro[illegible] Savills, of London, and Cu[illegible] and West, of Guildford.

Those looking for a small pl[illegible] in the country would be in[illegible]ested in The Old Workhouse, Throwley, near Faversham, K[illegible] part of a larger house, wh[illegible] originally filled that role. It [illegible] constructed of weatherboar[illegible] brick with a Kentish peg [illegible] roof, and has a sitting room, [illegible] double bedrooms, and a sm[illegible] garden. The price is £37,[illegible] through Ashendens, of Ashfo[illegible].

Gerald E[illegible]

Residential property

هكذا من الأصل

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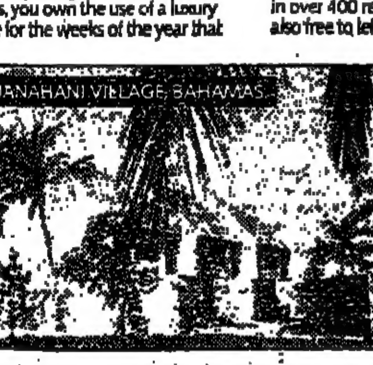

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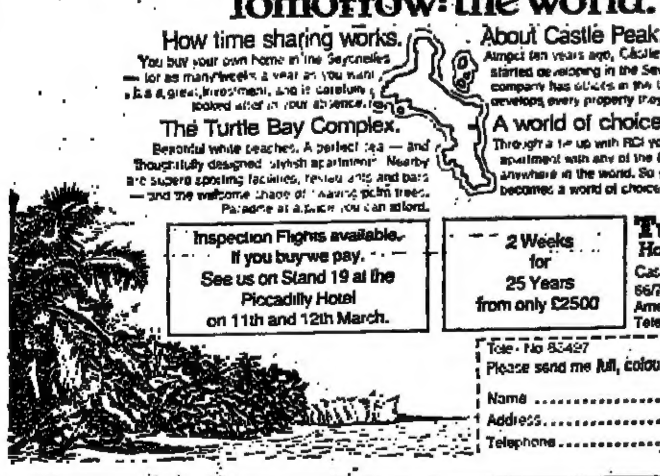

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WANTED TO WORK FOR CARING FAMILY IN SAUDI ARABIA

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In asking for two girls to work together the prospective employers are seeking to create a comfortable and happy work schedule and atmosphere for the employees as well as the family and therefore two existing friends would probably be more suitable.

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The successful applicant should have managerial experience, proven organisational flair and have the ability to work on own initiative.

The position would suit someone aged 40-55 with a Service background, who enjoys combining managerial expertise with ability to liaise with people at all levels.

Commencing salary negotiable in the range £7,000-£8,000, to be reviewed following a six month probationary period.

Applicants should apply in their own handwriting, giving fullest details of their careers to date, to the Secretary-General, 43 Grove Park Road, London W4 3RU, by the 31st March, 1981.

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We offer a competitive salary, bonus and profit sharing.

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The selected candidate will be well versed in all the secretarial skills and be rewarded with a good salary and working conditions.
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THE TIMES

هكذا من الأصل

PERSONAL CHOICE

...hermen fight to save a tractor, trapped in the sands of ...recambe Bay: Men of the Wet Sahara (ITV, 9.00)

Barry Cockcroft's film Men of the Wet Sahara (ITV, 9.00) is about fishermen who never put out to sea. They harvest shrimps, ...kles, whitebait and the occasional salmon, in Morecambe Bay. ...netimes, their tractors are gobbled up by the wet sands. They ...rrel and race whippets and philosophise ("hunger's a sharp ...n"). They make up a sturdy fraternity in oilskins who love ...ate the sea depending on whether it gives to them or takes ...y from them. I can't make up my mind whether Mr Cockcroft's ...is better to look at or listen to: it's about fifty-fifty. Either ..., it's a remarkable record of an unenviable lifestyle because ...every rainbow arching over the infinity of dykes, and for ...ry square mile of sand converted to gold by the setting sun, ...re's a slurping quicksand and a roaring riptide that can outrun ...galloping horse.

I feel some of my fellow scribes brought their axes down ...maturely on the neck of The Life and Times of David Lloyd ...orge which started last week, and I suspect that after watching ...ght's instalment (BBC 2, 9.25) they will be wondering how ...y can bring head and shoulders back together again without ...ing too much face. The Welsh Wizard's oratorical brilliance, ...ere rivulet last week, is a torrent tonight as the politician ...basts the Church of England, landlords, and the House of ...ds.

The Muggeridge autobiography, a subtle admixture of film ...l interview, continues (BBC 2, 8.05) with the sage's wartime ...s in MI6: postings in Mozambique, Algiers and Paris. His ...eral conclusion is that, for him, war was a waste of time ...ause it blocked his literary flow. The flood gates open next ...k as Mr Muggeridge is let loose on the Daily Telegraph, ...ch and Panorama.

...intended to make a distinction between two types of music ...radio tonight, Hoagy Carmichael's (light) and Bartok's and ...oenberg's (classical). But who would deny that Mr ...michael's songs (Radio 2, 9.00) such as Stardust and Two ...epy People are melodies in the classical style? The composer ...talks about his life in Peter Clayton's repeated programme. ...Bartok works (Four Orchestral Pieces and the Piano Concerto ...1) and the Schoenberg (Die Glückliche Hand) are played ...the BBC SO (Radio 3, 8.00 and 9.15) with Daniel Barenboim ...he piano and Pierre Boulez conducting ... Alistair Chisholm's ...y Another Grey Day (Radio 4, 3.02) embodies a fear that ...ny veteran workers must secretly have: retirement day dawns, ...nobody at the office seems to have remembered. Cyril Shaps ...s the superannuated hero.

...AT THE SYMBOLS MEAN: †STEREO; *BLACK AND WHITE; ...REPEAT.

Broadcasting Guide

Edited by Peter Davalle

TELEVISION

BBC 1

6.40 am Open University: The Moonies; 7.05 Earth materials; 7.30 Flight Failures. Closedown at 7.55.

9.05 For Schools, Colleges: Technical studies (manufacturing with plastics); 9.35 Exploring science (stars); 9.58 Let's Ask for Help; 10.12 Words and Pictures; 10.30 Japan; 11.02 Science All Around.

11.25 You and Me. Lines and Circles.

11.40 For Schools, Colleges: Religious and moral education; **12.05 pm Kontakte:** German lesson. Closedown at 12.30.

12.45 News. 1.00 Pebble Mill at One. Humphrey Lyttleton prepares one of his favourite dishes in the "Star Chef" spot. **1.45 Trumpton.**

2.01 For Schools, Colleges: Watch (the sun); 2.18 Near and Far (the sea at work); 2.40 Read On!

3.00 Speak for Yourself. I Want my Son to go to College. For those whose first language is not English (r). **3.25 Delia Smith's Cookery Course:** All about smoked fish (r).

3.55 Play School: Carolyn Sloan's story Victoria and the Crowded Pocket (also on BBC 2 at 11.00).

4.20 Secret Squirrel: cartoon. Yellow Pinkie. **4.25 Jackanory.** John Dutton continues his readings from Mary Stewart's A Walk in Wolf Wood. **4.40 Take Hart.** Tony Hart shows youngsters how they make pictures out of practically anything.

5.00 John Craven's Newsround: stories the other news programmes don't touch. **5.05 Break in the Sun.** Serial about a runaway girl. Episode 5. The day of the play's first performance arrives. **5.35 The Perishers** (r).

5.40 News: with Kenneth Kendall. **5.55 Regional news magazines.** All regions unite at 6.20 for **Nationwide.**

6.50 Triangle. Ferry boat serial. With Michael Craig. Another six episodes to go.

7.15 Comedy Classic: Some Mothers do 'Ave 'Em. This is the episode in which Frank (Michael Crawford) is given flying lessons. With Michele Dotrice, and Frederick Jaeger as the flying instructor (r).

8.05 A Song for Europe 81. Six groups and two soloists compete to represent Britain at the Eurovision Song Contest in Dublin on April 4. The groups include Liquid Gold, Terry Wogan is the MC.

9.00 News: with Peter Woods.

9.25 The Budget. Now it's the chance for the Opposition to have its say, and Peter Shore has 10 minutes in which to say it (also on BBC 2 at 11.30).

9.35 Sportsnight. Live coverage of three heats in the Greyhound TV Trophy from Perry Barr, Birmingham. Also, in Las Vegas, Rafael "Bazooka" Limon, from Mexico, defends his WBC junior lightweight title against Cornelius Boza-Edwards, the Harrow-based Ugandan.

10.25 Open Secret: Surgery of the Last Resort. Includes an interview with a Birmingham psycho-surgeon who has carried out 380 brain operations to cure severe mental disturbances.

10.55 Parkinson. The guests are Fife Robertson, Rose Murphy, Marti Cane and Michael Medved. Ends at 11.55.

Regions

BBC 1 VARIATIONS: BBC Cymru/Wales: 10.30 am-10.50 I Ysgolion. 11.02-11.22 I Ysgolion. 1.45 pm-2.01 Mister Men. 2.18-2.38 I Ysgolion. 5.05-5.35 Break in the Sun. 5.55-6.20 Wales Today. 6.50-7.10 Heddiw. 7.10-7.40 Antur I'r Andes (5). 7.40-8.05 Triangle (Part 19). 11.55 News for Wales; Close. Scotland: 12.40 pm-12.45 Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News for Scotland; Close. Northern Ireland: 3.53 pm-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News. Close. England: 5.55 pm-6.20 Regional magazines. 12.00 midnight Close.

BBC 2

6.40 am Open University: Brick by brick; 7.05 The baroque organ; 7.30 Primary sources: Stratford-Upon-Avon. Closedown at 7.55.

10.20 Gharbar: Magazine for Asian women. Closedown at 10.45.

11.00 Play School: Same at BBC 1, 3.55 (Victoria and the Crowded Pocket). Closedown at 11.25.

4.50 pm Open University: History of mathematics; 5.15 Systems, boundaries and biases.

5.40 King of the Rocket Men: Chapter 4 of this old Saturday morning children's club serial. High Peril.†

5.55 Colter's Hell: Nature on the boil in Wyoming, where hot water springs eternal.

6.10 The Master Game: Tenth game in the BBC chess tournament. Nigel Short, of Great Britain, needing only a draw to claim a place in the final, plays Vlastimil Hort, from Czechoslovakia, the world class grandmaster.

6.40 Open Door: They Came for Us in the Morning. Six refugees from Latin America tell their stories. Also, interviews with Jack Jones, former trade union leader, and Alex Lyon, former Home Office minister; **7.10 News.**

7.25 One Hundred Great Paintings: Tiepolo's The Triumph of Virtue which hangs in the Norton Simon Museum of Art at Pasadena, California. Edwin Mullins is the presenter.

7.35 When Cornishman was King: Angela Rippon on one of the most famous horses in Three Day Evening. Filmed mainly in Dorset.

8.05 Muggeridge: Ancient and Modern. Third of eight films in which the venerable sage looks back on his life, as told in BBC TV films. Tonight: from 1935 to 1945. (See Personal Choice.)

9.00 M*A*S*H: Korean war comedy. An escape from the grim reality of war—but Colonel Potter is not impressed.

9.25 The Life and Times of David Lloyd George: Part two of Elaine Morgan's dramatization of the Welsh Wizard's political and romantic life. Tonight: The Boer War years. (See Personal Choice.)

10.25 Training at the Peking Circus: Second screening of this film which goes behind the scenes and reveals the arduous training the performers undergo.

10.45 Newsnight: Bulletins and comment.

11.30 The Budget: Peter Shore, for the Opposition, explains why he doesn't like the Howe Budget (also seen on BBC 1, 9.25). Ends at 11.45.

THAMES

9.30 am For Schools: Prehistoric man; 9.50 My World (shapes with faces); 10.10 How we Used to Live; 10.35 Children and humour; 11.05 Village life; 11.17 Venice; 11.34 The English Programme.

12.00 Cloppa Castle: Puppets in a medieval story, Blow Your Own Trumpet; **12.10 pm Rainbow:** Today's guest is Perry Benson.

12.30 About Britain: Walking in the footsteps of Bonnie Prince Charlie, with Tom Weir.

1.00 News; 1.20 Thames area news; 1.30 Crown Court: The jury returns its verdict in the case of the medium (Barbara Shelley) charged with obtaining money by false deception (r).

2.00 After Noon Plus. The names are announced of those who won the programme's design-a-sweater competition. Also an interview with the American actress Goldie Hawn; **2.45 Fantasy Island:** A scientist saves a mermaid's life.

3.45 Food, Wine and Friends. New series featuring the master cook Robert Carrier, with the American actress Cloris Leachman as his guest. How to poach salmon and prepare bouillon.

4.15 Watch It! A story about Dr Snuggles, the inventor; **4.20 Runaround:** quiz game, with Mike Read as MC; **4.45 Brendon Chase:** Serial about brothers living wild in a forest; **5.15 Mr and Mrs:** matrimonial quiz game. With Derek Batey.

5.45 News; 6.00 Thames News.

6.25 Help! With Viv Taylor Gee. An item about the Low Pay Unit's new booklet on minimum wages.

6.35 Crossroads: motel serial. Kath Brownlow hears a confession from Doris Luke.

7.00 This is Your Life: A biography without blemishes. With Eamonn Andrews.

7.30 Coronation Street: The police warn Emily Bishop to be careful. She fears Arnold Swain want to kill himself—and her.

8.00 Starburst: Variety show. With Marti Webb, The Drifters, Amii Stewart heading the bill.

9.00 Once in a Lifetime: Men of the Wet Sahara: Film about the fishermen who make a living among the dykes of Morecambe Bay (see Personal Choice).

10.00 News; 10.30 The Budget: What Peter Shore, the shadow Chancellor, thinks of it all.

10.40 Film: I Love My Wife. Hollywood comedy, with Elliott Gould, Brenda Vaccaro and Angel Tompkins.

11.50 Superstar Profile: Jack Lemmon, all-round actor, is interviewed by Catherine Laporte Coolen; 12.20 am Close.

RADIO

Radio 4

6.00 am News Briefing.
6.10 Farming Today.
6.30 Today.
7.00, 8.00 News.
7.30, 8.30 Headlines.
8.35 Yesterday in Parliament.
9.00 News.
9.05 Mid-Week.
10.00 News.
10.02 Gardeners' Question Time.
10.30 Daily Service.
10.45 Story: Two for the Road, by Eileen Capel.
11.00 News.
11.05 Baker's Dozen.
12.00 News.
12.02 pm You and Yours.
12.27 Frank Muir Goes into ... Self-Importance.†
12.55 Weather.
1.00 The World at One.
1.40 The Archers.
2.00 News.
2.02 Woman's Hour.
3.00 News.
3.02 Play: Another Grey Day, by Alistair Chisholm.† (See Personal Choice.)
3.50 Zoo Talk.
4.00 Choral Evensong.†
4.45 The Trumpet Major (13).
5.00 PM.
5.55 Weather.
6.00 News.
6.30 My Music.†
7.00 News.
7.05 The Archers.
7.20 Checkpoint.
7.45 Tuesday Call (repeat).
8.45 File on 4.
9.30 Kaleidoscope.
10.00 The World Tonight.
10.30 Serial: The Lord of the Rings, by J. R. R. Tolkien (1).†
11.00 Serial: The Night of the Funny Hats, by Elspeth Davie (1).
11.15 Financial World Tonight.
11.30 Today in Parliament.
12.00 News.
12.15 am-12.23 Shipping forecast.

VHF

9.05 am Schools: Advanced Studies—English; Radio Thin King (7); La France aujourd'hui (7); Poetry Corner; Music Makers (7) Something to Think about. 10.30 Listen with Mother. 10.45-12.00 Schools: The Music Box; By the People, For the People; Casebook '81; Quest. 2.00 pm-3.00 Schools: Movement and Drama I; Books, Plays, Poems: Nature. 11.00 Study on 4: Digame! (19). 11.30-12.10 am Open University: The Trials of Paul; Great Britain 1750-1950.

Radio 3

6.55 am Weather.
7.00 News.
7.05 Records: Gluck, Palestrina, Hummel.†
8.00 News.
8.05 Records: Mozart (K370), Mendelssohn, Rimsky-Korsakov (Sym 2).†
9.00 News.
9.05 Week's Composer: Clementi.†
9.45 Organ: McCabe, Bach, Buxtehude, Forbes.†
10.30 Soprano, violin (J. Price/Neaman): Milhaud, Cruft, Beaumont, Wordsworth.†
11.05 Hallé/Yansons: Beethoven (Sym 1), Shostakovich (Sym 8).†
1.00 pm News.
1.05 Saxophone Quartet (Myrha), songs (live from Broadcasting House): Pierné, Satie, Fauré, Pascal, Debussy.†
2.00 Music Weekly.†
2.50 BBC Northern SO/Ajmone-Marsan: Haydn (Sym 98), Schubert, Bartok, Dvorak.†
4.00 The Prelude, by Wordsworth (10).
4.25 Violin, piano (Brainin/Kraus): Mozart (K454).
4.55 News.
5.00 Mainly for Pleasure.†
7.00 Record: Falla.†
7.15 Scientifically Speaking.
8.00 BBCSO/Boulez (live from Festival Hall), pt 1: Bartok (incl Pno Conc 1—Barenboim).† (See Personal Choice.)
8.55 Six Continents.
9.15 BBCSO, pt 2: Schoenberg (Glückliche Hand), Varèse (Amériques).†
10.10 Ode to the North Wind: Portrait of William Johnstone.
11.00 News.
11.05-11.15 Record: Chopin.†

VHF

5.55 am-6.55 Open University: Cognitive Psychology; Theatre and Television; Psychosexual Identity 2.
11.15 pm-12.35 am Open University: Model of Population Dynamics; Space, Time and Matter; Twentieth-Century Poetry; Curriculum Design and Development.

Radio 2

5.00 am Bob Kilbey.† 7.30 Terry Wogan.† 10.00 Jimmy Young.† 12.00 David Hamilton.† 2.00 pm Steve Jones.† 4.00 Much More Music.† 6.00 John Dunn.† 8.00 Listen to the Band.† 8.30 Alan Dell.† 9.00 The Songwriters.† (See Personal Choice). 10.00 Wit's End. 10.30 Gemma Craven. 11.00 Brian Matthew. 2.00 am-5.00 You and the Night and the Music.†

Radio 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Mailbag. 8.00 Richard Skinner. 10.00 John Peel.† 12.00 Close.

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REGIONAL TV

HTV

As Thames except: 1.20 pm-1.30 News. 2.00 Houseparty. 2.25-4.15 Film: Tight Spot (Ginger Rogers, Edward G. Robinson). 5.15 Dick Tracy. 5.20-5.45 Crossroads. 6.00 Report West. 6.30-7.00 Survival. 10.28-10.30 News. 11.45 Closedown.

HTV CYMRU/WALES: As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 ...

Grampian

As Thames except: Starts 9.25 am-9.30 First Thing. 1.20 pm-1.30 News. 2.45-3.45 Love Boat. 5.15-5.45 Batman. 6.00-6.35 North Tonight. 10.40 Murphy's America. 11.45 Valentine's day. 12.15 am-12.20 News.

Granada

As Thames except: 1.20 pm-1.30 Granada Reports. ...

Ulster

As Thames except: 1.20 pm-1.30 Lunchtime. ... 5.20-5.45 Crossroads. 6.00-7.00 Good Evening Ulster. ...

ATV

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ALSO ON PAGE 13

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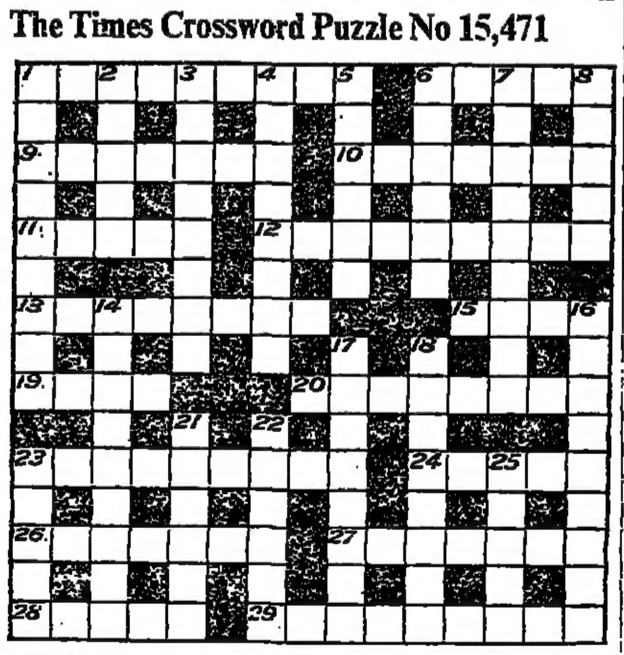
(continued on page 13)

The Times Crossword Puzzle No 15,471



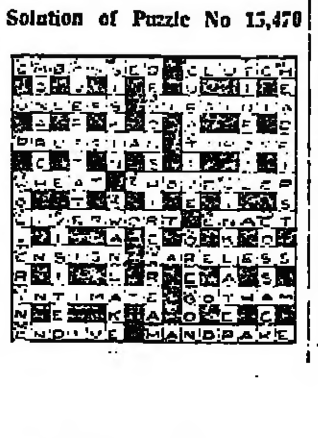
ACROSS

1 Soldier Ben's shout? (6-3).
6 Some silver now replaced by copper (5).
9 Bone in rump (centre of it) (7).
10 Artist has sketch in hard competition (3, 4).
11 Singing group with only 40 per cent of score (5).
12 Not attacked by bishop, for instance, for missing confirmation (9).
13 Like readers when you have fit editor (8).
15 Return blows in fight (4).
19 Refusals produce drama of a sort at a point-to-point (4).
20 For Worthing bay take way round it, perhaps (8).
23 Like sweet girl interviewed about what happened (9).
24 General introducing himself in affray? (5).
26 Just complete? No, no! (7).
27 Spell in power nearly over when you reach number ten (7).
28 City guides, say (5).
29 Bullish activity causing crash here? (5, 4).

DOWN

1 Revere, for example, character of James (9).
2 One view of property in the Financial Times (5).
3 Big word of no immediate significance (4-4).
4 Regular traveller who might cut 3 (8).
5 Sterne's parson in charge in place of archbishop (6).
6 Sort of mountain or hill? Right (6).
7 Dangerous situation—looks like dicey one? (5, 4).
8 Return after completion of very idle trip (5).
14 Such poetry for Pound? Yes and no (4, 5).
16 Old mounted police following men taking gold (7-2).
17 Note bark is one from Adriatic port (8).
18 It involves an image that's odd about oneself, to begin with (8).
21 Sound made by particular kind of rock (6).
22 Bronte chapter about love for poet (6).
23 Bad lapse—a bit of a bloomer (5).
25 Meal for fifty before 12, partly (5).

Solution of Puzzle No 15,470



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